

# Stryker Corporation (NYSE: SYK) **stryker**

## Business Overview

- Stryker Corporation is a leading medical technologies firm that operates through the following three business segments: orthopedics, medical and surgical, and neurotechnology and spine. In the U.S., most products are marketed towards doctors, hospitals, and other healthcare facilities.
- Orthopedics: Products consist of implants used in hip and knee joint replacement, as well as trauma and extremities surgeries.
- Medical and Surgical: “MedSurg” technologies include surgical equipment/navigation systems, endoscopic and communications systems, patient handling, emergency medical equipment and intensive care disposable products, and other medical device products used in a variety of medical specialties.
- Neurotechnology and Spine: Products include neurosurgical, neurovascular, and spinal implant devices.
- Key Management: Kevin A. Lobo (President and CEO)

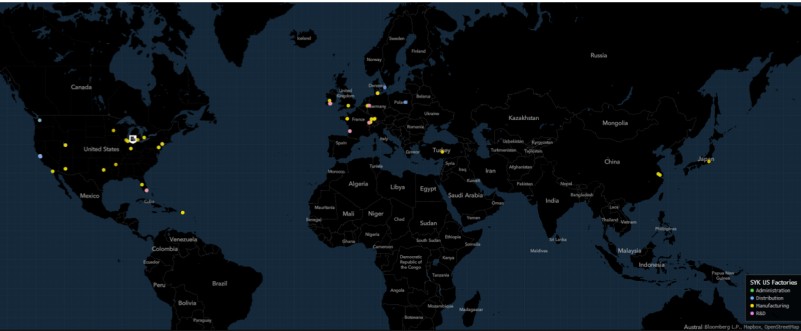
## News & Intelligence

- **August 2018:** Acquired K2M for \$1.4 billion
- **July 2017:** Won patent case against Zimmer
- **June 2017:** Acquired Novadaq Technologies for \$701 million
- **December 2016:** Sales exceeded \$10 billion

## Operational Presence

- Currently sells products in over 85 countries through company-owned subsidiaries and branches, as well as third-party dealers and distributors.

## International Operations



## Locations

- **North America:** 24
- **Europe:** 19
- **Asia:** 4
- **Caribbean:** 1

Sources: Company website, Bloomberg, Thompson, Various News Articles and FactSet, as of 4/3/2019

## Financial Analysis



## Valuation Analysis

- We recommend to continue holding this stock for another year, but would also be okay with trimming our position. Street consensus estimates feature a price range between \$204-\$214. 63.6% of analysts have overweight/buy rankings on SYK. Stop loss could be 15% below its current share price, around \$165 a share (at the time of this writing).
- Most recent RUIF price target led to a valuation of \$162-\$164. Original buy rating issued around \$105.

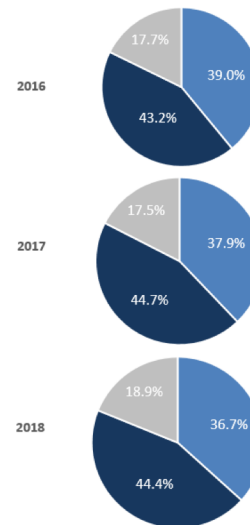
## Rationale

- 14.5% yoy growth, compared to industry 6% and S&P -1.4%
- U.S. healthcare spending and hospital CAPEX should be relatively stable with respect to economic fluctuations
- The company's \$3B in free cash flow is promising for continued M&A
- Trimming is a good idea given the almost 100% gain since pitching the company in spring 2016

USD mm	FY 2016	FY 2017	FY 2018
Revenue	11,325	12,444	13,601
EBITDA	3,123	3,409	3,823
EBITDA Margin	27.6%	27.4%	28.1%
Net Income	1,973	2,215	2,441
Net Income Margin	17.4%	17.8%	17.9%
Cash	3,384	2,793	3,699
Market Cap	44,928	58,009	58,415

## Segment Revenue Analysis

■ Orthopedics ■ MedSurg ■ Neurotechnology & Spine



Current Price: \$195.17	52 Week Range: \$144.75 - \$199.85
% of 52-High: 97.65%	Avg. Daily Volume: 1,411,796
Dividend: \$2.08 per Share	Dividend Yield: 1.06%