

ModernGraham Valuation

Company Name:

Stryker Corporation

Company Ticker SYK

Date of Analysis

10/6/2015



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	\$35,629,943,974	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.40	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Pass
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	16.88%	Fail
6. Moderate PEmg Ratio	PEmg < 20	31.41	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.24	Fail

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	2.40	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.62	Pass
3. Earnings Stability	Positive EPS for 5 years prior		Pass
4. Dividend Record	Currently Pays Dividend		Pass
5. Earnings Growth	EPSmg greater than 5 years ago		Fail

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.01
MG Growth Estimate	-0.37%
MG Value	\$23.38
MG Value based on 3% Growth	\$43.67
MG Value based on 0% Growth	\$25.60
Market Implied Growth Rate	11.46%

MG Opinion

Current Price	\$94.62
% of Intrinsic Value	404.74%
Opinion	Overvalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$1.63
Graham Number	\$46.97
PEmg	31.41
Current Ratio	2.40
PB Ratio	4.24
Dividend Yield	1.42%
Number of Consecutive Years of Dividend Growth	6

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$4.34	Next Fiscal Year Estimate	\$3.01
Dec14	\$1.34	Dec14	\$2.50
Dec13	\$2.63	Dec13	\$3.08
Dec12	\$3.39	Dec12	\$3.24
Dec11	\$3.45	Dec11	\$3.09
Dec10	\$3.19	Dec10	\$2.81
Dec09	\$2.77	Dec09	\$2.51
Dec08	\$2.78	Dec08	\$2.24
Dec07	\$2.44	Dec07	\$1.85
Dec06	\$1.89	Dec06	\$1.46
Dec05	\$1.57	Dec05	\$1.18
Dec04	\$1.08	Dec04	\$0.93
Dec03	\$1.07	Dec03	\$0.78
Dec02	\$0.81	Dec02	\$0.58
Dec01	\$0.67	Dec01	\$0.42
Dec00	\$0.55	Dec00	\$0.29
Dec99	\$0.05	Dec99	\$0.17
Dec98	\$0.15	Balance Sheet Information Jun15	
Dec97	\$0.32	Total Current Assets	\$8,936,000,000
Dec96	\$0.27	Total Current Liabilities	\$3,723,000,000
Dec95	\$0.23	Long-Term Debt	\$3,242,000,000
		Total Assets	\$16,819,000,000
		Intangible Assets	\$6,050,000,000
		Total Liabilities	\$8,314,000,000
		Shares Outstanding (Diluted Average)	381,100,000





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

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ModernGraham
posts about the
company

Stryker Corporation Analysis – July 2015 Update \$SYK
 24 Companies in the Spotlight This Week – 3/28/15
 Stryker Corporation Quarterly Valuation – March 2015 \$SYK
 27 Companies in the Spotlight This Week – 12/20/14
 Stryker Corporation Quarterly Valuation – December 2014 \$SYK

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[Zimmer Biomet Holdings Inc. Analysis – September 2015 Update \\$ZBH](#)
[Waters Corporation Analysis – September 2015 Update \\$WAT](#)
[Patterson Companies Inc. Analysis – September 2015 Update \\$PDCO](#)
[Edwards Lifesciences Corporation Analysis – September 2015 Update \\$SEW](#)
[Baxter International Inc. Analysis – September 2015 Update \\$BAX](#)
[Cerner Corporation Analysis – September 2015 Update \\$CERN](#)
[Boston Scientific Inc. Analysis – September 2015 Update \\$BSX](#)
[Intuitive Surgical Inc. Analysis – September 2015 Update \\$ISRG](#)
[Dentsply International Inc. Analysis – August 2015 Update \\$XRAY](#)