

ModernGraham Valuation

Company Name:

Stryker Corporation

Company Ticker SYK

Date of Analysis

8/2/2016



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	\$43,582,352,113	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.17	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	28.41%	Fail
6. Moderate PEmg Ratio	PEmg < 20	32.45	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.81	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	2.17	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.59	Fail
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		Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$3.57
MG Growth Estimate	1.50%
MG Value	\$40.98
MG Value based on 3% Growth	\$51.71
MG Value based on 0% Growth	\$30.31
Market Implied Growth Rate	11.97%

MG Opinion

Current Price	\$115.70
% of Intrinsic Value	282.35%
Opinion	Overvalued
MG Grade	C

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-\$9.51
Graham Number	\$53.02
PEmg	32.45
Current Ratio	2.17
PB Ratio	4.81
Current Dividend	\$1.49
Dividend Yield	1.28%
Number of Consecutive Years of Dividend Growth	7

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EPS History		EPSmg History	
Next Fiscal Year Estimate	\$5.14	Next Fiscal Year Estimate	\$3.57
Dec2015	\$3.78	Dec2015	\$2.83
Dec2014	\$1.34	Dec2014	\$2.50
Dec2013	\$2.63	Dec2013	\$3.08
Dec2012	\$3.39	Dec2012	\$3.24
Dec2011	\$3.45	Dec2011	\$3.09
Dec2010	\$3.19	Dec2010	\$2.81
Dec2009	\$2.77	Dec2009	\$2.51
Dec2008	\$2.78	Dec2008	\$2.24
Dec2007	\$2.44	Dec2007	\$1.85
Dec2006	\$1.89	Dec2006	\$1.46
Dec2005	\$1.57	Dec2005	\$1.18
Dec2004	\$1.08	Dec2004	\$0.93
Dec2003	\$1.07	Dec2003	\$0.78
Dec2002	\$0.81	Dec2002	\$0.58
Dec2001	\$0.67	Dec2001	\$0.42
Dec2000	\$0.55	Dec2000	\$0.29
Dec1999	\$0.05	Balance Sheet Information 6/1/2016	
Dec1998	\$0.15	Total Current Assets	\$7,824,000,000
Dec1997	\$0.32	Total Current Liabilities	\$3,605,000,000
Dec1996	\$0.27	Long-Term Debt	\$6,717,000,000
		Total Assets	\$20,520,000,000
		Intangible Assets	\$10,100,000,000
		Total Liabilities	\$11,422,000,000
		Shares Outstanding (Diluted Average)	378,500,000





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.

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