ModernGraham Valuation

Company Name: Stryker Corporation

Company Ticker SYK

Date of Analysis 2/10/2019

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	$68,070,990,264	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	2.02	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	99.40%	Pass
6. Moderate PEmg Ratio	PEmg < 20	28.02	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.92	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	2.02	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	1.72	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
	Score		

Suitability

Defensive	**No**
Enterprising	**Yes**

Stage 2: Determination of Intrinsic Value

EPSmg		$6.52
MG Growth Estimate		15.00%
MG Value		**$250.97**
MG Value based on 3% Growth		$94.52
MG Value based on 0% Growth		$55.41
Market Implied Growth Rate		9.76%

MG Opinion

Current Price		$182.66
% of Intrinsic Value		72.78%
Opinion	**Undervalued**	
MG Grade	**B-**	

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	-$15.17
Graham Number	$75.02
PEmg	28.02
Current Ratio	2.02
PB Ratio	5.92
Current Dividend	$1.93
Dividend Yield	1.06%
Number of Consecutive Years of Dividend Growth	9

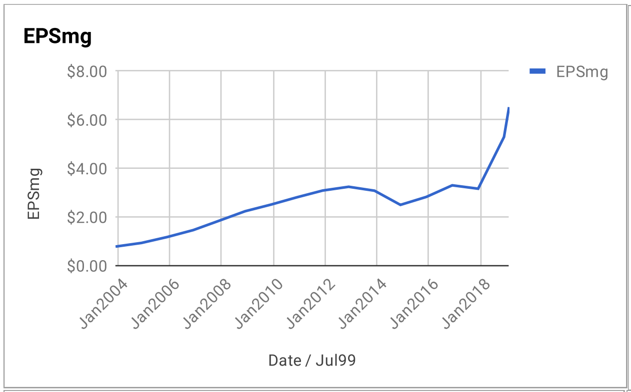
Useful Links:

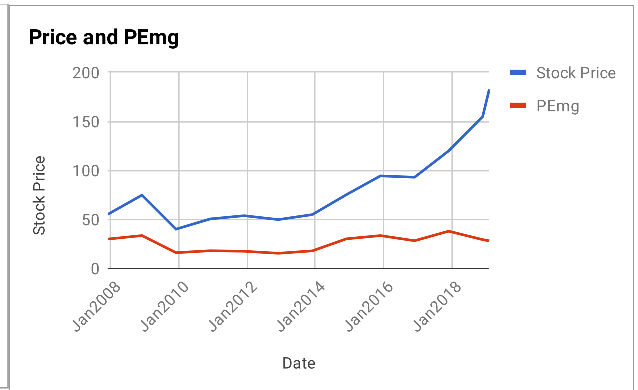
ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

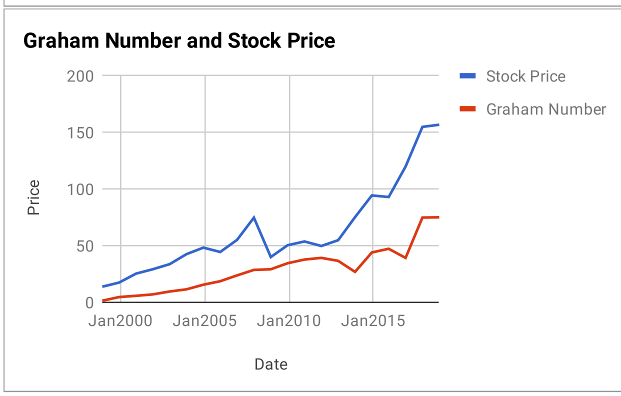
EPS History	
Next Fiscal Year Estimate	$7.98
Dec2018	$9.34
Dec2017	$2.68
Dec2016	$4.35
Dec2015	$3.78
Dec2014	$1.34
Dec2013	$2.63
Dec2012	$3.39
Dec2011	$3.45
Dec2010	$3.19
Dec2009	$2.77
Dec2008	$2.78
Dec2007	$2.44
Dec2006	$1.89
Dec2005	$1.57
Dec2004	$1.08
Dec2003	$1.07
Dec2002	$0.81
Dec2001	$0.67
Dec2000	$0.55
Dec1999	$0.05

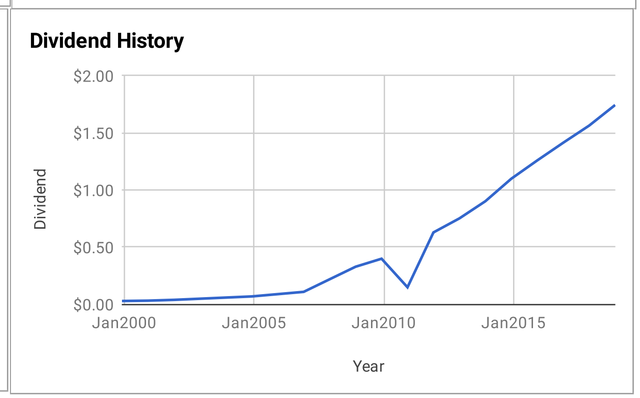
EPSmg History	
Next Fiscal Year Estimate	$6.52
Dec2018	$5.29
Dec2017	$3.16
Dec2016	$3.30
Dec2015	$2.83
Dec2014	$2.50
Dec2013	$3.08
Dec2012	$3.24
Dec2011	$3.09
Dec2010	$2.81
Dec2009	$2.51
Dec2008	$2.24
Dec2007	$1.85
Dec2006	$1.46
Dec2005	$1.18
Dec2004	$0.93
Dec2003	$0.78

Balance Sheet Information	**12/1/2018**
Total Current Assets	$9,733,000,000
Total Current Liabilities	$4,807,000,000
Long-Term Debt	$8,486,000,000
Total Assets	$27,229,000,000
Intangible Assets	$12,726,000,000
Total Liabilities	$15,499,000,000
Shares Outstanding (Diluted Average)	380,200,000









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:

Other ModernGraham posts about the company

- Stryker Corp Valuation – April 2018 $SYK
- Stryker Corporation Valuation – August 2016 $SYK
- Stryker Corporation Valuation – January 2016 Update $SYK
- Stryker Corporation Analysis – October 2015 Update $SYK
- Stryker Corporation Analysis – July 2015 Update $SYK

Other ModernGraham posts about related companies

- Abiomed Inc Valuation – February 2019 $ABMD
- Laboratory Corp of America Holdings Inc Valuation – January 2019 $LH
- Intuitive Surgical Inc Valuation – January 2019 $ISRG
- PerkinElmer Inc Valuation – January 2019 $PKI
- Cardinal Health Inc Valuation – January 2019 $CAH
- Varian Medical Systems Inc Valuation – January 2019 $VAR
- Zimmer Biomet Holdings Inc Valuation – January 2019 $ZBH
- Henry Schein Inc Valuation – January 2019 $HSIC
- Medtronic PLC Valuation – January 2019 $MDT
- UnitedHealth Group Inc Valuation – November 2018 $UNH