

Stryker (SYK US)

FUNDAMENTAL VIEW¹

As of 05 Jun 2025

- Stryker benefits from a leading position in orthopedics as well as strong franchises in medical surgery and neurotechnology. The company's sales and EBITDA growth trajectory bests most of its medical device peers.
- Stryker has exhibited discipline with capital allocation. Following larger bolt-on deals in 2022 (Vocera, \$3.1 bn) and 2020 (Wright Medical, \$5.4 bn) management prioritized debt reduction.
- We expect SYK to manage leverage in the low- to mid-2x range as it addresses its M&A needs/wants in the aftermath of the Inari purchase.

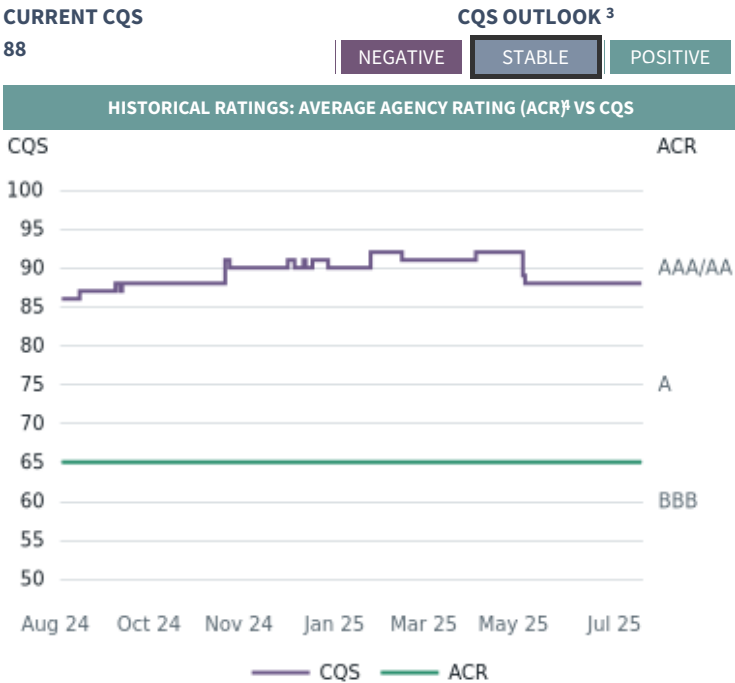
RISKS & CATALYSTS

As of 05 Jun 2025

- Stryker is exposed to medical procedure volumes. While volumes have been positive, owing in part to the resumption of procedures deferred during COVID, volatility could result from economic uncertainty in the year ahead.
- Stryker's M&A interest has leaned bolt-on in nature over the past several years, including the acquisitions of Inari in 2025 (\$4.9 bn), Vocera in 2022 (\$3.1 bn) and Wright Medical in late 2020 (\$5.4 bn).
- Stryker has moderate overall exposure to hospital capital budgets versus medical device peers as it has recurring sales of consumables and parts.
- Last quarter SYK announced a definitive agreement to sell its US Spinal Implants business to Viscogliosi Brothers to create a newly formed company (to be named VB Spine, LLC).

CREDIT QUALITY SCORE (CQS)²

As of 18 Jul 2025



KEY METRICS

As of 05 Jun 2025

\$ MN	Y21	Y22	Y23	Y24	LTM 1Q25
Revenue	17,108	18,449	20,498	22,595	23,218
Gross Profit	10,968	11,578	13,058	14,440	14,851
R&D	(1,235)	(1,454)	(1,388)	(1,466)	(1,503)
SG&A	(6,427)	(6,455)	(7,121)	(7,703)	(8,166)
Adj. EBITDA	4,753	4,755	5,356	6,179	6,384
Total Debt	12,479	13,048	12,995	13,597	16,781
Gross Leverage	2.6x	2.7x	2.4x	2.2x	2.6x
Interest Coverage	14.1x	14.1x	15.0x	15.6x	16.1x

BUSINESS DESCRIPTION

As of 05 Jun 2025

- Stryker (SYK) is a global manufacturer of implants used in joint replacement & trauma surgeries; surgical equipment & surgical navigation systems; endoscopic & communications systems; patient handling & emergency medical equipment; neurosurgical, neurovascular & spinal devices among other products. Stryker generated \$22.6 bn of revenues in 2024 (versus \$20.5 bn in 2023).
- SYK maintains two operating segments: MedSurg & Neurotechnology (60% of 2024 consolidated revenues) and Orthopaedics & Spine (40%).
- SYK's recent sizable acquisitions include: Inari Medical (\$4.9 bn) in 2025, which increased its exposure to peripheral vascular diseases; Vocera (\$3.1 bn enterprise value) in 2022, which increased its digital care coordination and communication categories; Wright Medical (\$5.6 bn including debt) in 2020, which increased its exposure to the trauma & extremities end market; and K2M Group (\$1.4 bn) in 2018, which boosted the spine portfolio.

GLOSSARY

- ¹ The **Fundamental View** is our current assessment of credit quality and our expectation of how credit quality will trend over the next year or longer.
- ² The **Credit Quality Score (CQS)** is a number between 5 and 100. It is a medium-term credit score for corporates and financial institutions that utilizes a combination of sector fundamental scores and equity market signals. Values of CQS above 50 generally indicate investment grade credit quality.
- ³ The **Credit Quality Score (CQS) Outlook** is the near-term (3 month) outlook for the CQS, based on its trend, volatility and distance from the adjacent CQS risk bucket.
- ⁴ The **Agency Composite Rating (ACR)** is the average senior unsecured rating from one or more major rating agencies.

Quantitative scores provided by CreditSights Analytics, LLC. Scores are shown are for the lesser of (1) 2 years and (2) date of CreditSights inception of quantitative coverage.

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