



Proposed Expansion of BlackRock's Stake in Stryker Corporation

Prepared for: BlackRock Board of Directors - Confidential

BlackRock's Strategic Expansion in Stryker Corporation

Project presentation for BlackRock Board - Acquisition of an incremental 13% stake

This document has been prepared solely for discussion purposes with the Board of Directors of BlackRock. It outlines the financial, strategic, and structural considerations of acquiring an additional 13% stake in Stryker Corporation, which, combined with BlackRock's existing 7% holding, would position the firm as a significant shareholder with enhanced influence. The proposed transaction is evaluated in the context of expanding BlackRock's presence in healthcare and pharmaceuticals, reinforcing exposure to innovation-driven MedTech growth.

Stryker Overview

Business - Overview

Stryker is a leading innovator in medical technologies, providing advanced products and services that improve patient outcomes. The company operates through two key segments:

- **MedSurg & Neurotechnology** – Offers surgical equipment, endoscopic systems, patient handling solutions, neurosurgical and neurovascular devices, and AI-assisted virtual care technologies. Customers include hospitals, surgery centers, and healthcare providers
- **Orthopaedics** – Designs, manufactures, and sells joint replacement implants, trauma fixation devices, spinal implants, and Mako Robotic-Arm Assisted surgical solutions. Clients include orthopedic surgeons, hospitals, and specialty medical centers

Stryker drives growth through a strong global presence, direct sales model, and continuous investment in R&D. With a focus on innovation, robotics, and AI-driven healthcare solutions, the company remains a leader in improving surgical precision and patient care worldwide.

STRYKER-Key Highlights



25% International Sales

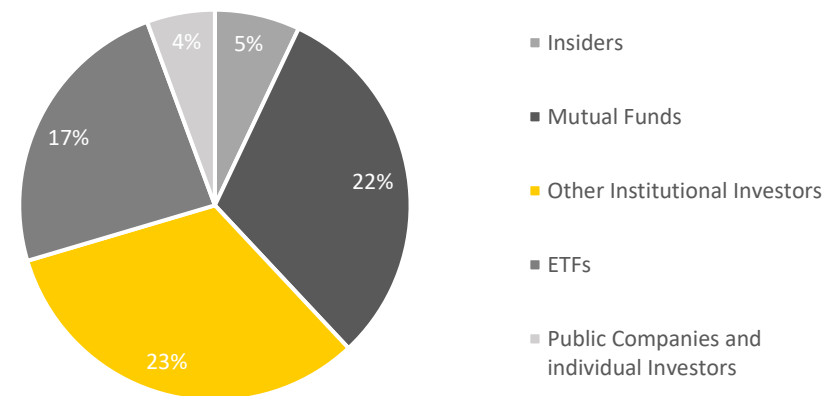
20.9% EBITDA Margin

15.26% ROE

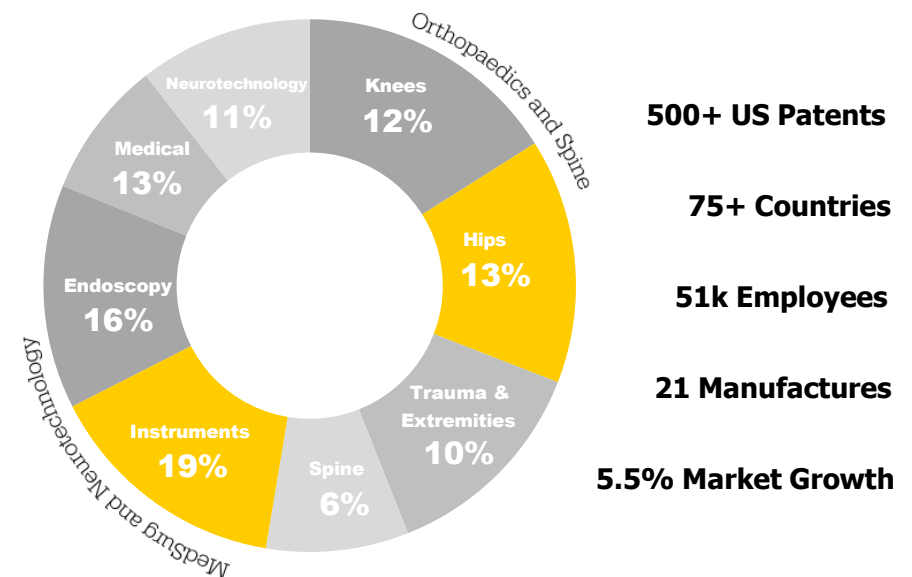
7.47% ROA

\$7.76 EPS

Ownership - Overview



The ownership structure is a mix of institutional, retail, and individual investors. Approximately 62.30% of the company's stock is owned by Institutional Investors, 4.80% is owned by Insiders, and 32.89% is owned by Public Companies and individual investors.



500+ US Patents

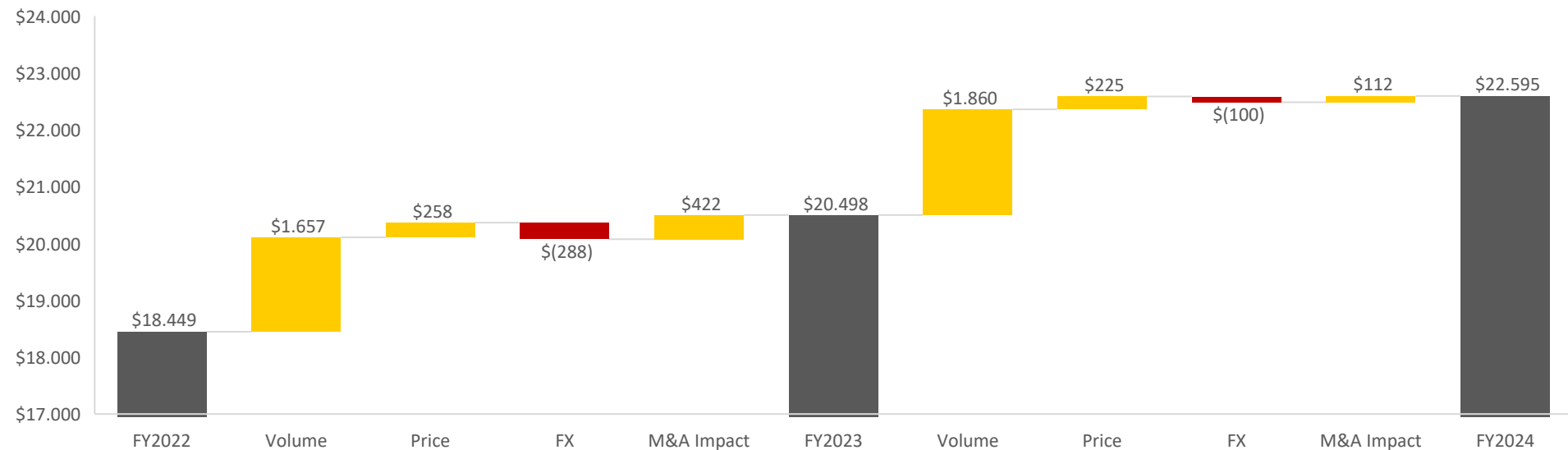
75+ Countries

51k Employees

21 Manufactures

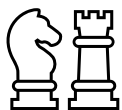
5.5% Market Growth

Revenue Bridge & Sales Quality



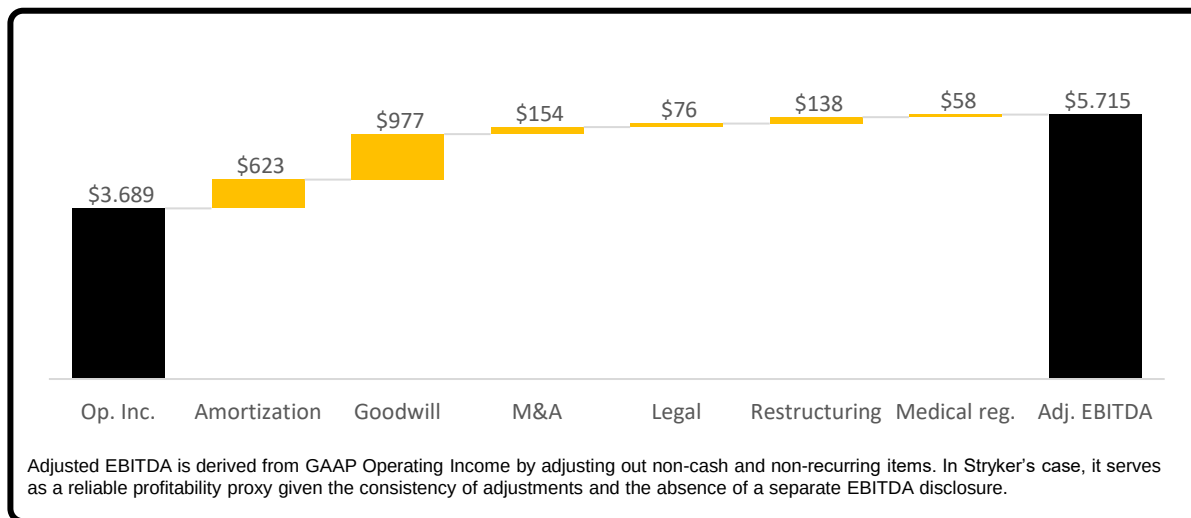
Total revenue	Volume uplift	Pricing contribution	M&A-related sales	FX Impact
Increased +10.2% YoY to \$22.6B, driven primarily by volume growth (+9.1%), with modest pricing gains (+1.1%) and minimal FX drag (-0.5%)	- MedSurg & Neurotech: (+11.1%) notable growth in Instruments, Endoscopy, and Medical capital equipment - Orthopaedics : (+8.9%) traction in Hips, Trauma & Extremities offsetting continued softness in Spine	(\$225M) driven by targeted increases in premium and robotic-assisted procedures; however, limited in commoditized areas (e.g., legacy spine implants). Indicates pricing discipline in a competitive environment	(\$112M) bolt-on M&A contributed (0.5% of sales), attributable to bolt-on acquisitions (Vertos, care.ai, SERF). This affirms a high-quality organic growth profile	(\$100M) reflects modest translational headwinds due to USD strength, mostly in EMEA and Asia-Pac. Constant currency revenue growth is +10.7%

Strategic Implications

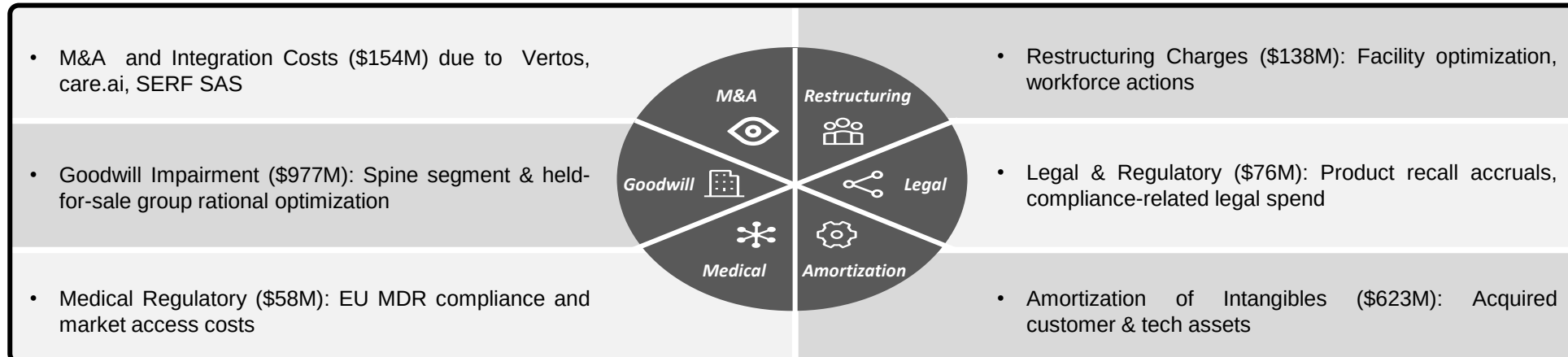
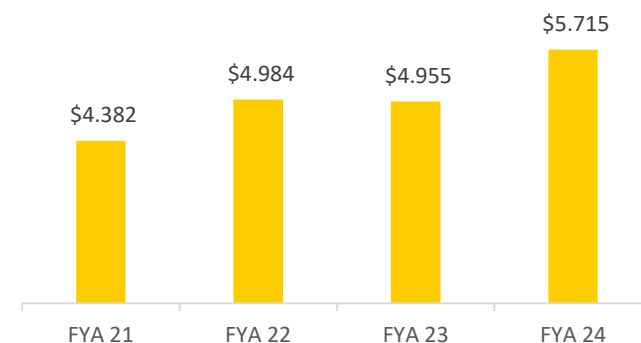


- Revenue growth is broad-based and volume-led, implying real end-market demand vs. temporary pricing or inorganic levers
- High contribution from capital-intensive MedSurg segments supports recurring service revenue growth and stickiness
- Low M&A reliance and minor FX distortion indicates high integrity of topline growth and it implies clean diligence base
- Opportunity remains to expand pricing power in premium robotics, digital OR, and AI-enabled platforms

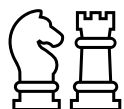
Adjusted EBITDA Bridge & Profitability Quality



Adjusted EBITDA Growth Trend



Strategic Implications



- High adjustment magnitude (35% uplift) reflects Stryker's active restructuring and M&A strategy
- Spine goodwill write-down highlights structural profitability issues, margin accretive divestiture potential
- Recurring non-cash items (amortization, integration) expected in acquisitive model; adjustments are explainable and industry-normal
- EBITDA quality remains strong; 74% conversion to operating cash flow

Net Debt & Capital Structure

Metric	FY2024
Cash & Cash Equivalents	\$ 2.160
Short- Term Investments	\$ 750
Short- Term Debt	\$ (500)
Long- Term Debt	\$ (12.878)
Net Debt	\$ (10.468)
Adjusted EBITDA	\$ 5.715
Net Leverage Ratio	1.83x

Stryker's net leverage of 1.83x remains below the large-cap MedTech peer average (2.0–2.5x), supporting its investment-grade credit profile and highlighting disciplined capital structure management. The company retains ample capacity for strategic acquisitions or deleveraging without impairing dividend continuity or liquidity flexibility. Importantly, no off-balance sheet liabilities or near-term maturities create refinancing risk, and \$2.9B in available cash/ST investments offers further downside protection.

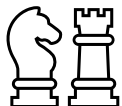
Companies Benchmarking	Net Leverage
Medtronic	2.4x
Zimmer Biomet	2.7x
J&J MedTech	1.6x
Stryker	1.83x



- **Strong liquidity position:** \$2.9B in cash & ST investments ensures near-term flexibility and M&A readiness
- **No refinancing risk:** Debt stack is largely long-term; Stryker issued \$1.25B of unsecured notes in FY24, improving duration
- **No off-balance sheet surprises:** No material finance leases, factoring, or contingent liabilities disclosed
- **No share repurchases:** capital return policy focused on \$1.2B annual dividend
- **Low net leverage** (1.83x) well below peer median (2.2–2.5x for large-cap MedTech)

Present value	(\$m)	(%)
PV of FCF	17.748	10,9%
PV of Terminal Value	145.061	89,1%
Enterprise value	162.808	100,0%
Net debt & adjustments	(10.468)	
Equity value	152.340	
Share price	399	
% premium to current	5,3%	

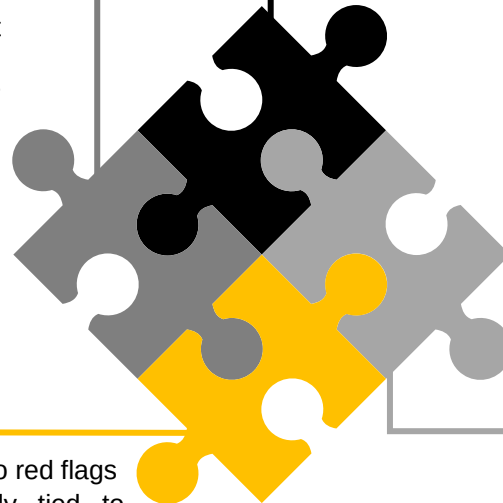
Strategic Implications



- Stryker is liquid and conservatively levered relative to its size and cash flows
- Debt capacity exists to support further M&A or absorb shocks (e.g., litigation)
- No signs of distress or overextension; cash discipline visible in both payout and liquidity buffers

Working Capital Efficiency & Cash Conversion

- Operating cash flow rose +14% YoY to \$4.24B, in line with EBITDA growth, implying no material drag from Working Capital
- Inventory increased slightly, management flagged this as supply chain buffer
- No material movement in receivables or payables noted meaning that Working Capital is considered net-neutral
- FCF generation strong enough to fund both CapEx and \$1.2B in dividends, with surplus for reinvestment or debt paydown



	FY2024 (\$M)	FY2023 (\$M)	YoY
Adjusted EBITDA	\$ 5.715	\$ 4.955	15%
Operating Cash Flow (OCF)	\$ 4.240	\$ 3.711	14%
CapEx	\$ (755)	\$ (575)	31%
Free Cash Flow (FCF)	\$ 3.485	\$ 3.136	11%
Cash Conversion Ratio (CCR)	74.2%	74.9%	Flat

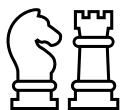
Efficiency Ratio

Cash Conversion Ratio	74% of EBITDA converted to OCF
CapEx as % of Sales	3.3%
FCF Yield	15.4% (FCF / Sales)

- Working capital appears well-managed with no red flags
- Inventory increases appear strategic: likely tied to demand planning and mitigation of post-COVID and geopolitical supply risks; not indicative of operational inefficiency
- Receivables quality inferred to be strong: no mention of bad debt expense or DSO changes; no AR impairments or factoring activity reported

- Payables discipline maintained: no evidence of vendor stretch; consistent with Stryker's established supply chain positioning
- Lack of WC spike despite +10% sales growth is notable: indicates Stryker's revenue growth is not being fueled by aggressive receivables or working capital swings
- No adjustments needed to reported OCF or EBITDA for WC corrections: this supports the integrity of reported free cash flow and strengthens reliability of projected liquidity in a transaction model

Strategic Implications



- High FCF conversion ratio (74% of adj. EBITDA) reflects strong underlying cash economics
- Investment in CapEx supports robotic platforms and smart manufacturing expansion
- Absence of buybacks implies flexibility for future M&A, consistent with Stryker's acquisitive model
- WC ratios suggest no aggressive working capital pulling, signals sustainable operations

Risk Assessment – Operational, Regulatory & Financial Exposure

Category	Key Risk	Diligence Implications
Regulatory	EU MDR compliance costs	Elevated compliance CapEx; recurring medical regulatory charges (\$58M adj. in FY24)
Legal/Litigation	Product liability (Rejuvenate, LFIT recalls), FCPA investigation	Potential for settlements/fines; ongoing reserves (\$76M in FY24)
Segment Performance	Spine segment underperformance	\$977M goodwill impairment implies margin drag and valuation haircut
FX & Inflation	Currency volatility impacting internal margins	0.5% topline FX drag in FY24; localized pricing risk
Cybersecurity	Data breaches, ransomware, privacy regulation	No material incident in FY24, but elevated MedTech exposure
M&A Integration	Vertos, care.ai, SERF SAS execution	Integration costs \$154M in FY24; operational complexity

Key take-aways

- Stryker continues to incur recurring costs related to European Medical Device Regulation (EU MDR), reflected in the \$58M “medical regulatory” adjustment in FY2024
- Legal charges of \$76M in FY2024 relate to product recalls (notably LFIT V40 hip stem) and ongoing global compliance probes (including an active FCPA investigation in several countries)
- The \$977M goodwill impairment reflects persistent underperformance in Spine, linked to margin compression and strategic repositioning
- \$154M in integration charges in FY2024 highlights the complexity of recent acquisitions, particularly with digital and AI components (care.ai)
- FX headwinds reduced topline by 0.5% in FY2024, notably from EUR and JPY exposures. Inflationary pressures were partially offset by 1.1% pricing gains

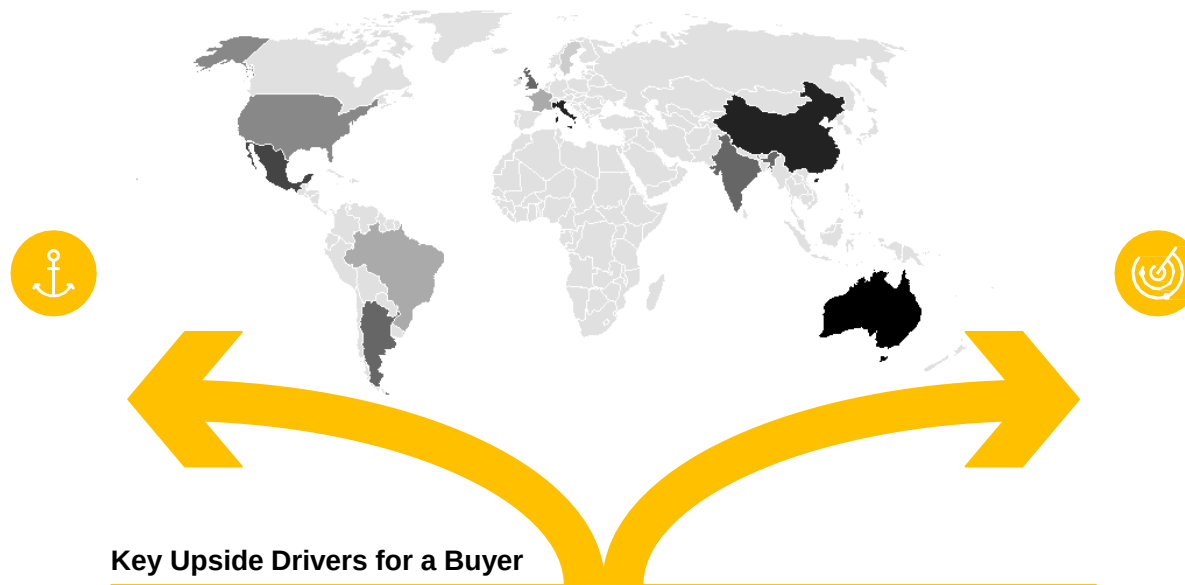
Strategic Implications

- Earnings normalization must exclude recurring regulatory and legal spend (they are real, not rare)
- Stryker's core platform remains robust, but diligence must adjust for tail-risk segments (Spine) and ongoing integration execution
- No signs of existential risk, but valuation haircut or deferred earnouts may be justified on regulatory/legal grounds

Value Creation Levers - Post-Transaction Upside

Opportunities & Strengths

- Strong global brand recognition in MedTech
- Mako Robotics platform enables scalable, high-margin growth
- Mako Shoulder launch expands procedural portfolio
- care.ai & Vocera enhances data monetization & care delivery
- MedSurg installed base drives recurring consumable sales
- Vertos/SERF enable targeted growth in EU markets
- Familiarity with U.S. market reduces operational risk
- 74% of EBITDA cash flow conversion funds internal growth
- Proven bolt-on M&A execution track record
- 25.3% adj. EBITDA margin allows integration upside

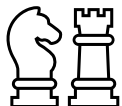


- Mako Shoulder launch plus increased robotics penetration especially in EU and Asia offer scalable growth with high ASP and procedural margin leverage
- Digital workflow tools (via care.ai & Vocera) support data monetization and hospital integration, asset-light, scalable, and in-demand post-COVID
- Installed base in MedSurg drives recurring revenue through instrument reusables and consumables giving cash-rich business unit
- Localized M&A (Vertos, SERF SAS) expands clinical portfolio and unlocks distribution synergy in Europe and interventional spine

Risks & Constraints

- Regulatory complexity (EU MDR, FDA, FCPA) creates compliance burden
- Robotic adoption in emerging markets limited by cost/training
- Shoulder is a nascent segment with uncertain adoption
- AI/digital integration still early – ROI unproven
- MedSurg mature in core U.S. market, saturation risk
- Heavy reliance on U.S. healthcare (75% of revenue)
- Limited working capital disclosure requires close monitoring
- Ongoing integration costs (e.g., \$154M in FY24) weigh on margins
- Spine goodwill impairments highlight margin fragility in select segments

Strategic Implications



Stryker's value creation opportunity lies in scaling high-ROI platforms (robotics, digital, procedural tech), while mitigating integration and geographic execution risk. Its strong cash engine and M&A discipline offer flexibility, but investor return hinges on capturing synergy and managing exposure in structurally weaker segments.

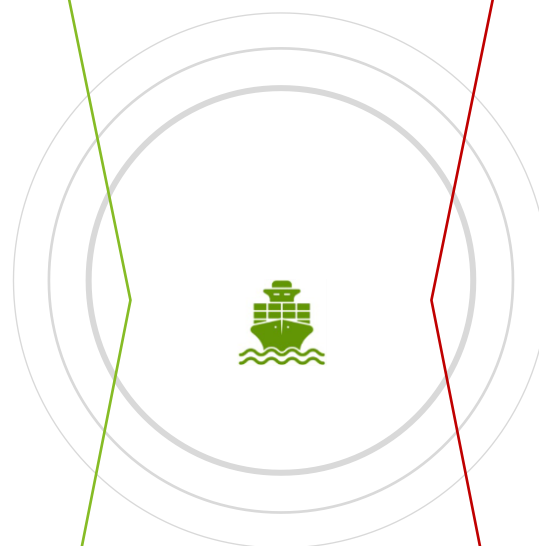
Key Investment Highlights

This Due Diligence review highlights Stryker's positioning as a scalable, cash-generative MedTech platform with proven execution and embedded growth levers. While core metrics are strong, diligence has identified red flags requiring adjustment, monitoring, or valuation conservatism.



Investment Highlights

- **Robust topline growth:** +10.2% YoY, 9.1% from volume
- **Mako & Digital Platforms:** High-ROI, high-margin procedures
- **MedSurg Core:** Recurring revenue, installed base stickiness
- **Strong cash flow profile:** 74% cash conversion from EBITDA
- **FCF supports reinvestment:** CapEx + \$1.2B dividends fully funded
- **Clean leverage:** 1.83x Net Debt / Adj. EBITDA
- **Valuation flexibility:** \$2.9B liquidity + no buybacks
- **Track record of integration:** Vertos, Vocera, SERF SAS
- **Regulatory readiness:** EU MDR compliance underway
- **Low FX & M&A distortion:** High-quality organic revenue base



Watchpoints & Diligence Risks

- Growth pricing only +1.1%, given limited inflation pass-through
- Early-stage adoption curve in robotics & digital AI platforms
- U.S. exposure concentration (75% of revenue giving high USA's War tariff exposure)
- Working capital detail not disclosed in SCF given indirect inference only
- CapEx up 31% YoY; requires future ROI discipline
- No disclosure of finance leases, but check for unrecognized lease/off-B/S liabilities
- Legacy margin drag (Spine) caused \$977M impairment in FY24
- \$154M FY24 integration cost given watch for synergy realization slippage
- Medical regulatory spend (\$58M FY24) may be recurring, not one-time
- FX impact (-0.5%) but pricing may face pressures

Final Takeaway

Stryker is a cash-strong, innovation-led platform with upside in procedural robotics and digital care orchestration. While diligence flags structural challenges in legacy Spine and recurring regulatory/legal costs, the business model remains defensible and scalable. Valuation adjustments may be justified for impairments, integration risks, and compliance charges, but EBITDA quality is strong.

Financial Forecast & Key Metrics

Income Statement (\$mm)	FYA 22	FYA 23	FYA 24	FYE 25	FYE 26	FYE 27	FYE 28	FYE 29
MedSurg and Neurotechnology:	10.893	12.163	13.518	14.937	16.506	18.239	20.154	22.270
Orthopaedics:	7.556	8.335	9.077	9.676	10.315	10.995	11.721	12.495
Total Revenue:	\$ 18.449	\$ 20.498	\$ 22.595	\$ 24.613	\$ 26.821	\$ 29.234	\$ 31.875	\$ 34.765
Cost of Sales:	(6.871)	(7.440)	(8.155)	(8.995)	(9.801)	(10.683)	(11.648)	(12.704)
Research & Development:	(1.454)	(1.388)	(1.466)	(1.734)	(1.890)	(2.060)	(2.246)	(2.450)
Operating Expenses:	(6.285)	(6.754)	(8.235)	(7.252)	(7.902)	(8.614)	(9.392)	(10.243)
Adjustments:	545	39	976	520	520	520	520	520
Adjusted EBITDA:	\$ 4.384	\$ 4.955	\$ 5.715	\$ 7.152	\$ 7.747	\$ 8.397	\$ 9.109	\$ 9.888
(-) D&A:	(998)	(1.028)	(1.050)	(1.237)	(1.347)	(1.469)	(1.601)	(1.747)
EBIT:	\$ 3.386	\$ 3.927	\$ 4.665	\$ 5.916	\$ 6.400	\$ 6.929	\$ 7.508	\$ 8.141
Other income / (Expense):	(158)	(215)	(197)	(190)	(190)	(190)	(190)	(190)
Pre-Tax Income:	\$ 3.228	\$ 3.712	\$ 4.468	\$ 5.726	\$ 6.210	\$ 6.739	\$ 7.318	\$ 7.951
Income Taxes :	(325)	(508)	(499)	(667)	(723)	(784)	(852)	(926)
Net Income:	\$ 2.903	\$ 3.204	\$ 3.969	\$ 5.059	\$ 5.487	\$ 5.954	\$ 6.466	\$ 7.026
EPS of common stock:	\$ 6,17	\$ 8,25	\$ 7,76	\$ 13,26	\$ 14,38	\$ 15,60	\$ 16,94	\$ 18,41

All data has been derived from the STRYKER 10-K 2024 SEC filing.

- MedSurg & Neurotechnology +10.5%, Orthopaedics & Spine +6.6%, aligned with historical trends and management outlook
- Cost of Sales: 35.5%, Operating Expenses: 34.5%, total 71%, in line with industry benchmarks
- Tax rate 13.4%, reflecting historical trends and revenue mix

- In 2024 a Non-cash impairment (\$818M) occurred in the Spine business due to lower expected demand and higher cost of capital
- Increased M&A integration costs, regulatory compliance, and legal expenses
- Operating margin declined from 19.0% (2023) to 16.3% (2024) due to cost pressures

Selected Comparable Companies Benchmarking

Financial Ratio Benchmarking Analysis

Company	Gross Margin (%)	EBITDA Margin (%)	Debt/EBITDA	Revenue Growth (YoY %)
Stryker (SYK)	65%	21%	2,5x	8%
Medtronic (MDT)	68%	30%	2,8x	6%
Zimmer Biomet (ZBH)	70%	27%	3,0x	5%
Smith & Nephew (SNN)	64%	26%	2,7x	4%
Edwards Lifesciences (EW)	75%	35%	1,8x	10%
Becton Dickinson (BDX)	63%	25%	3,2x	7%
Abbott Laboratories (ABT)	60%	24%	1,5x	6%

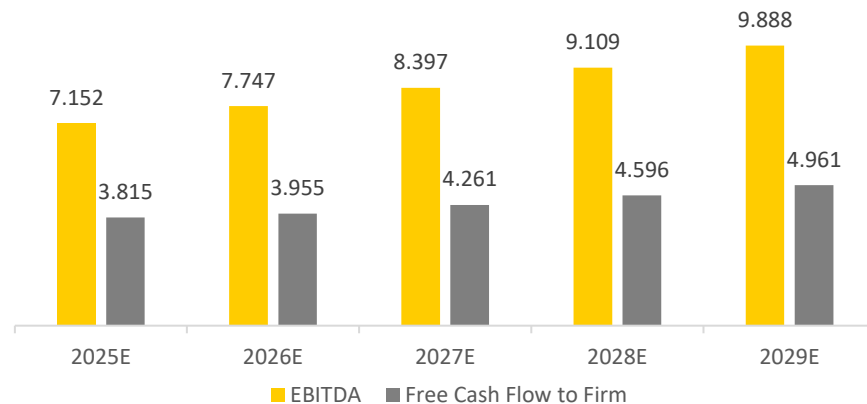
Stryker Comparable Companies Analysis

Trading Multiple	Current Price	Market Cap	Enterprise Value	FYA 23	FYA 24	FYA 23	FYA 24	FYA 23	FYA 24
				EV / Revenue	EV / Revenue	EV / EBITDA	EV / EBITDA	P / E	P / E
Stryker (SYK)	373,9	144.730	153.840	7,5x	6,8x	31,3x	32,5x	45,7x	48,4x
Medtronic (MDT)	95,2	121.120	139.890	4,5x	4,3x	16,3x	17,1x	32,2x	32,9x
Zimmer Biomet (ZBH)	110,4	215.000	271.800	3,7x	3,5x	12,2x	12,1x	21,0x	23,8x
Smith & Nephew (SNN)	29,8	15.660	12.960	2,3x	2,3x	13,1x	13,6x	7,6x	51,3x
Edwards Lifesciences (EW)	68,7	41.350	38.070	7,6x	7,0x	24,8x	22,1x	33,8x	29,5x
Becton Dickinson (BDX)	234,2	65.910	83.940	4,3x	4,2x	19,1x	17,4x	43,1x	38,7x
Abbott Laboratories (ABT)	138,0	237.850	244.900	6,1x	5,8x	23,2x	22,7x	41,6x	17,7x
25th Percentile				3,8x	3,7x	13,9x	14,4x	23,8x	25,2x
Median				4,3x	4,2x	16,3x	17,1x	32,2x	32,9x
Mean				4,8x	4,5x	18,1x	17,5x	29,9x	32,3x
75th Percentile				5,7x	5,5x	22,2x	20,9x	39,6x	37,2x

All data has been derived from the Bloomberg Terminal.

Discounted Cash Flow

EBITDA & FCFF Outlook: Forecasted Growth and Trends



- **Revenue Growth:** 10.5% in MedSurg & Neurotechnology, driven by market expansion and increased adoption of AI-driven healthcare solutions; 6.6% in Orthopaedics, supported by strong demand for robotic-assisted surgery and joint replacement innovations
- **Cost Structure:** Assumed at 78.1% of revenue, reflecting operational efficiencies and sustained margin stability in Stryker's core businesses
- **CapEx & Working Capital:** Stable capital expenditure intensity, supporting R&D investments, robotics expansion, and digital healthcare advancements to strengthen Stryker's competitive position
- **Tax Rate:** Maintained at 13.4%, in line with Stryker's historical effective tax rates and geographic revenue mix

Perpetuity growth method

Present value	(\$m)	(%)
PV of FCF	17.748	10,9%
PV of Terminal Value	145.061	89,1%
Enterprise value	162.808	100,0%
Net debt & adjustments	(10.468)	
Equity value	152.340	
Share price	399	
% premium to current	5,3%	

		Perpetuity Growth Rate (%)				
		3,50%	3,75%	4,00%	4,25%	4,50%
WACC (%)	5,6%	205866 / 512\$	231931 / 580\$	266214 / 670\$	313331 / 794\$	382146 / 974\$
	6,1%	165798 / 407\$	182012 / 450\$	202114 / 502\$	227691 / 569\$	261332 / 657\$
	6,6%	138719 / 336\$	149701 / 365\$	162808 / 399\$	178721 / 441\$	198448 / 493\$
	7,1%	119195 / 285\$	127081 / 306\$	136244 / 330\$	147024 / 358\$	159887 / 392\$
	7,6%	104453 / 246\$	110361 / 262\$	117092 / 279\$	124832 / 300\$	133826 / 323\$

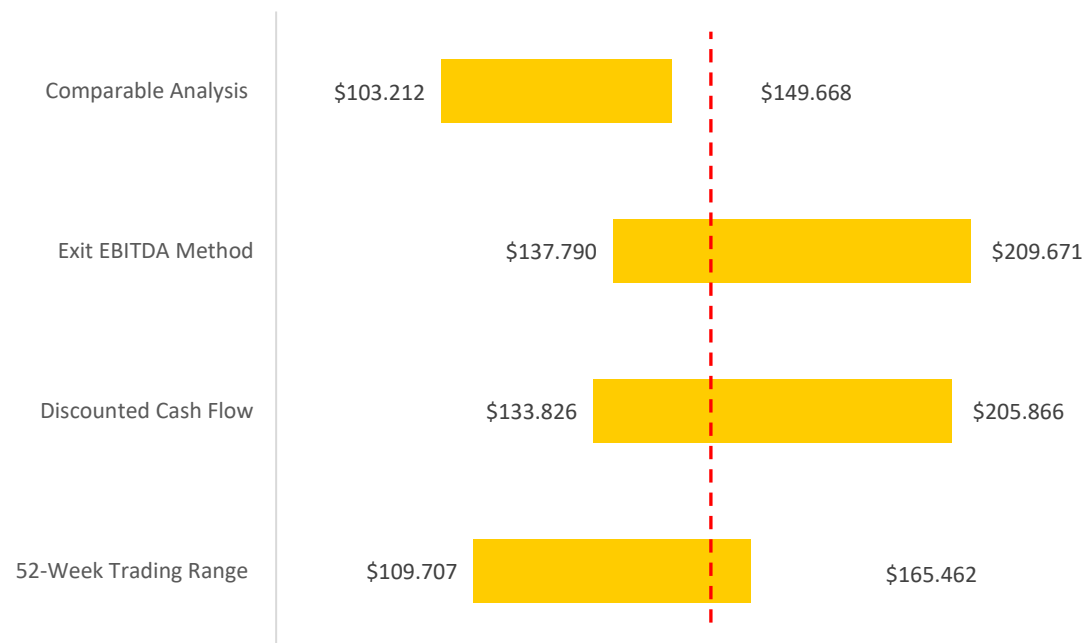
LTM Exit EBITDA Multiple Method

Present value	(\$m)	(%)
PV of FCF	17.748	10,2%
PV of Terminal Value	155.983	89,8%
Enterprise value	173.730	100,0%
Net debt & adjustments	(10.468)	
Equity value	163.262	
Share price	427,9	
% premium to current	12,8%	

		Exit EBITDA multiple (x)				
		16,7 x	19,2 x	21,7 x	24,2 x	26,7 x
WACC (%)	5,6%	137790 / 350\$	155760 / 400\$	173730 / 449\$	191701 / 498\$	209671 / 548\$
	6,1%	137790 / 342\$	155760 / 390\$	173730 / 438\$	191701 / 486\$	209671 / 535\$
	6,6%	137790 / 334\$	155760 / 381\$	173730 / 428\$	191701 / 475\$	209671 / 522\$
	7,1%	137790 / 326\$	155760 / 372\$	173730 / 418\$	191701 / 464\$	209671 / 510\$
	7,6%	137790 / 318\$	155760 / 363\$	173730 / 408\$	191701 / 453\$	209671 / 498\$

Valuation Analysis

Stryker Corporation - Valuation Range



- The summary valuation suggests an intrinsic value of \$411 per share, implying a significant upside from the current market price and a premium of 7.6%
- A perpetuity growth rate of 4% was applied, in line with the medical device industry, reflecting sustained long-term market expansion
- A WACC of 6.59% was used, incorporating a cost of debt of 3.72%, consistent with Stryker's recently issued notes
- Comparable company analysis based on peer EV/EBITDA multiples provides further validation, with the 25th percentile at 14.4x and the 75th percentile at 20.9x, reinforcing the valuation range
- The 52-week price range of \$314.94 to \$409.09 highlights the stock's recent volatility, with the valuation suggesting a potential undervaluation at current levels

Transaction Implications and Considerations

Stryker trades at the higher end of its valuation range. Given its strong cash flow generation, stable business model, and industry leadership, it presents a compelling strategic opportunity. Any acquisition consideration should account for its premium valuation and potential synergies in the industry.

Acquisition & Equity Method Investment Model

Pro Forma Financial Statements – BlackRock Post-Stryker Acquisition

Income Statement (\$mm)	FYA 22	FYA 23	FYA 24	FYE 25	FYE 26	FYE 27	FYE 28	FYE 29
Total Revenue:	\$ 17.873	\$ 17.859	\$ 20.407	\$ 24.855	\$ 26.458	\$ 28.174	\$ 30.007	\$ 31.964
% growth		(0,1%)	14,3%	21,8%	6,4%	6,5%	6,5%	6,5%
Operating Expenses:	(10.953)	(9.985)	(11.045)	(14.171)	(15.095)	(16.081)	(17.134)	(18.259)
EBITDA:	\$ 6.920	\$ 7.874	\$ 9.362	\$ 10.684	\$ 11.363	\$ 12.093	\$ 12.873	\$ 13.705
% growth		13,8%	18,9%	14,1%	6,4%	6,4%	6,4%	6,5%
(-) D&A:	(418)	(427)	(529)	(700)	(746)	(797)	(850)	(907)
EBIT:	\$ 6.502	\$ 7.447	\$ 8.833	\$ 9.985	\$ 10.617	\$ 11.297	\$ 12.023	\$ 12.798
% growth		14,5%	18,6%	13,0%	6,3%	6,4%	6,4%	6,4%
Other income / (Expense):	(158)	(215)	(197)	(190)	(190)	(190)	(190)	(190)
Pre-Tax Income:	\$ 6.290	\$ 7.155	\$ 8.295	\$ 10.019	\$ 10.679	\$ 11.389	\$ 12.146	\$ 12.954
Income Taxes :	(1.112)	(1.653)	(1.926)	(1.175)	(1.253)	(1.336)	(1.425)	(1.520)
Net Income:	\$ 5.178	\$ 5.502	\$ 6.369	\$ 8.844	\$ 9.427	\$ 10.053	\$ 10.721	\$ 11.435
% growth		6,3%	15,8%	38,9%	6,6%	6,6%	6,6%	6,7%
Pro forma EPS of common stock:	\$ 34,31	\$ 36,85	\$ 42,45	\$ 54,84	\$ 58,45	\$ 62,33	\$ 66,48	\$ 70,90

FYE 2029 Sensitivity Analysis: Accretion Impact from Debt Used and Premium Paid

		Premium to current paid				
Debt used		3,6%	5,6%	7,6%	9,6%	11,6%
	40,0%	28%	28%	28%	27%	27%
	50,0%	29%	28%	28%	28%	28%
	60,0%	29%	29%	29%	29%	29%
	70,0%	30%	30%	30%	29%	29%
	80,0%	31%	31%	30%	30%	30%

- Cost synergies (2.9%) driven by SG&A cuts, supply chain efficiencies, and R&D consolidation
- Revenue synergies (1.1%) from cross-selling, geographic expansion, and product bundling
- Synergies realized over 5 stages: 25% in 2025 up to 100% by 2029
- Premium corresponds to the average premium from valuation methods (CCA, DCF, EXIT Multiple)

Leveraged Buyout Structure & Financing Strategy

Cash-on-Cash Multiple, IRR, and Leverage Strategy

5-Year Cash-on-Cash Multiple - Purchase Multiple vs. Exit Multiple:

		Exit EBITDA multiple (x)				
		20,2 x	20,7 x	21,2 x	21,7 x	22,2 x
EBITDA Purchase Multiple:	21,5 x	2,0 x	2,1 x	2,2 x	2,5 x	2,8 x
	22,0 x	2,6 x	2,7 x	2,9 x	3,1 x	3,4 x
	22,5 x	3,0 x	3,1 x	3,2 x	3,4 x	3,7 x
	23,0 x	3,2 x	3,3 x	3,4 x	3,6 x	3,8 x
	23,5 x	3,3 x	3,3 x	3,4 x	3,6 x	3,8 x

- **Optimal financing mix:** 60% leverage (\$12.1B debt) delivers disciplined capital efficiency while maintaining balance sheet flexibility.
- **Attractive entry economics:** Purchase price of \$19.9B at a 21.5x EBITDA multiple, reflecting conviction in Stryker's premium market positioning.
- **Efficient structure:** \$380M in transaction, financing, and sponsor fees fully embedded, ensuring transparency and predictability.
- **Compelling base case returns:** 2.0x Cash-on-Cash Multiple and 14.9% IRR over 5 years, with significant upside potential.
- **Downside protected:** Even at exit multiple contraction to 20.2x, the deal sustains a robust ~15% IRR.
- **Strong upside leverage:** With modest multiple expansion to 22.0x–23.5x, equity returns accelerate to 21–30% IRR, delivering 2.6x–3.3x CoC multiples.
- **Asymmetric payoff:** Structure ensures resilient downside, compelling upside, with BlackRock positioned to capture long-term multiple resilience in the medtech sector.

5-Year IRR - Purchase Multiple vs. Exit Multiple:

		Exit EBITDA multiple (x)				
		20,2 x	20,7 x	21,2 x	21,7 x	22,2 x
EBITDA Purchase Multiple:	21,5 x	15%	16%	17%	20%	23%
	22,0 x	21%	22%	23%	25%	28%
	22,5 x	25%	25%	27%	28%	30%
	23,0 x	26%	27%	28%	29%	31%
	23,5 x	27%	27%	28%	29%	30%

Implications and Considerations

This transaction represents a strategic expansion of BlackRock's influence in a global healthcare leader while generating institutional-grade returns. The structure is designed to deliver resilient mid-teens IRR in the base case with substantial upside optionality under favorable market conditions. By combining disciplined leverage with conviction in Stryker's growth trajectory, the deal positions BlackRock to unlock durable value creation and reinforce its leadership in healthcare investments.

Transaction Summary & Strategic Rationale

Strategic Rationale

The acquisition of Stryker presents a compelling strategic rationale, strengthening BlackRock's position in the medical technology sector and enhancing its innovation pipeline.

The transaction is expected to be EPS accretive by FYE 2026, with sensitivity analysis indicating a positive impact under various debt and premium scenarios.

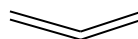
Revenue Expansion

Synergies from cost efficiencies, operational integration, and cross-selling opportunities are expected to drive meaningful EBITDA expansion post-transaction.

The combined entity will benefit from stronger market positioning, enhanced R&D capabilities, and increased scale, supporting long-term shareholder value creation.

Level of debt

While leverage will temporarily increase, robust free cash flow generation is expected to support rapid deleveraging and maintain financial flexibility.



Final Takeaway :

Overall, the proposed expansion of BlackRock's stake in Stryker represents a highly compelling investment opportunity, fully aligned with our mandate to generate durable, risk-adjusted returns in market-leading businesses.

The transaction leverages disciplined use of capital, with 60% debt financing driving enhanced equity returns, while Stryker's strong EBITDA profile and resilient cash flows provide a robust foundation for deleveraging.

With a base scenario delivering 15% IRR and a 2.0x multiple of invested capital, and meaningful upside under favorable exit scenarios; this investment positions BlackRock to capture long-term value creation from one of the most innovative players in MedTech.

While valuation is at a premium, our conviction in Stryker's growth trajectory and margin resilience underpins confidence in achieving both near-term financial performance and long-term strategic value for our investors.

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