

STRYKER CORP
Form 10-Q
October 23, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
(Mark one)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the quarterly period ended September 30, 2015

OR
 TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

Commission file number: 000-09165

STRYKER CORPORATION

(Exact name of registrant as specified in its charter)

Michigan

(State of incorporation)

38-1239739

(I.R.S. Employer Identification No.)

2825 Airview Boulevard, Kalamazoo,

Michigan

(Address of principal executive
offices)

49002

(Zip Code)

(269)-385-2600

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES NO

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Edgar Filing: STRYKER CORP - Form 10-Q

Large accelerated filer Accelerated filer

Non-accelerated filer Small reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). YES NO

Number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:
375,522,232 shares of Common Stock, \$0.10 par value, as of September 30, 2015.

STRYKER CORPORATION

2015 Third Quarter Form 10-Q

PART I. - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

Stryker Corporation and Subsidiaries

CONSOLIDATED STATEMENTS OF EARNINGS (Unaudited)

	Three Months		Nine Months		
	2015	2014	2015	2014	
Net sales	\$2,420	\$2,389	\$7,231	\$7,057	
Cost of sales	796	829	2,449	2,420	
Gross profit	1,624	1,560	4,782	4,637	
Research, development and engineering expenses	155	153	461	461	
Selling, general and administrative expenses	887	878	2,640	2,607	
Recall charges	150	29	316	649	
Intangible asset amortization	54	50	152	142	
Total operating expenses	1,246	1,110	3,569	3,859	
Operating income	378	450	1,213	778	
Other income (expense), net	(33) (25) (90) (79)
Earnings before income taxes	345	425	1,123	699	
Income taxes	44	368	206	444	
Net earnings	\$301	\$57	\$917	\$255	
Net earnings per share of common stock:					
Basic net earnings per share of common stock	\$0.80	\$0.16	\$2.43	\$0.68	
Diluted net earnings per share of common stock	\$0.79	\$0.16	\$2.40	\$0.67	
Weighted-average shares outstanding - in millions:					
Basic	376.3	378.4	377.4	378.5	
Net effect of dilutive employee stock options	4.4	4.1	4.4	4.2	
Diluted	380.7	382.5	381.8	382.7	
Anti-dilutive shares excluded from the calculation of net effect of dilutive employee stock options	—	—	—	—	

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (Unaudited)

	Three Months		Nine Months		
	2015	2014	2015	2014	
Net earnings	\$301	\$57	\$917	\$255	
Other comprehensive income (loss), net of tax					
Marketable securities	—	(3) (3) 4	
Pension plans	—	5	10	5	
Unrealized gains (losses) on designated hedges	(15) 5	(4) (7)
Financial statement translation	(83) (312) (278) (308)
Total other comprehensive loss, net of tax	(98) (305) (275) (306)
Comprehensive income (loss)	\$203	\$(248) \$642	\$(51)

See accompanying notes to Consolidated Financial Statements.

STRYKER CORPORATION

2015 Third Quarter Form 10-Q

Stryker Corporation and Subsidiaries

CONSOLIDATED BALANCE SHEETS

September 30 December 31
2015