

Stryker

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Chairman and Chief Executive Officer

Disclaimer

Forward-looking statement

This presentation contains information that includes or is based on forward-looking statements within the meaning of the federal securities law that are subject to various risks and uncertainties that could cause our actual results to differ materially from those expressed or implied in such statements. Such factors include, but are not limited to: weakening of economic conditions that could adversely affect the level of demand for our products; pricing pressures generally, including cost-containment measures that could adversely affect the price of or demand for our products; changes in foreign exchange markets; legislative and regulatory actions; unanticipated issues arising in connection with clinical studies and otherwise that affect U.S. Food and Drug Administration approval of new products; changes in reimbursement level from third-party payors; a significant increase in product liability claims; the ultimate total cost with respect to the Rejuvenate and ABG II matter; the impact of investigative and legal proceedings and compliance risks; resolution of tax audits; the impact of the federal legislation to reform the United States healthcare system; changes in financial markets; changes in the competitive environment; the satisfaction of the conditions to closing and the timing of closing the acquisition of Entellus Medical; our ability to integrate acquisitions; and our ability to realize anticipated cost savings. Additional information concerning these and other factors is contained in our filings with the U.S. Securities and Exchange Commission, including our Annual Report on Form 10-K and Quarterly Reports on Form 10-Q.

2017 preliminary net sales, organic sales growth and earnings guidance

Information set forth in this presentation with respect to 2017 Net Sales and Organic Sales Growth is preliminary as set forth in our press release dated January 9, 2018. As set forth in the press release, we expect 2017 adjusted net earnings per diluted share to be toward the high end of our previously announced range of \$6.45 to \$6.50. Because the financial statements for our fourth quarter and year ended December 31, 2017 have not yet been finalized, the information included in this presentation regarding those periods is subject to change and actual results for these periods may differ materially from the expected results.

Non-GAAP financial measures

Adjusted Net Earnings per Diluted Share, Organic Sales Growth and adjusted diluted EPS growth as shown in this presentation are non-US GAAP financial measures. The non-US GAAP financial measures presented are not, and should not be viewed as, substitutes for financial measures required by US GAAP, have no standardized meaning and may not be comparable to the calculation of similar measures of other companies.

Mission

Together with our customers,
we are driven
to make healthcare better.

Values

Integrity

We do what's right

Accountability

We do what we say

People

We grow talent

Performance

We deliver

Our company **strategy**

Drive market leading growth and achieve category leadership in MedSurg Equipment, Orthopaedics, and Neurotechnology/Spine



Customer focus

- Intense customer commitment and dedication through business unit specialization
- Achieve highest levels of customer engagement through innovative, high quality products and collaboration



Innovation

- Make healthcare better through evidence-based products and services that improve outcomes
- Drive growth through disciplined investment in R&D and BD



Globalization

- Focus resources, investment and talent on key global markets
- Strengthen alignment among franchises, country teams and global functions

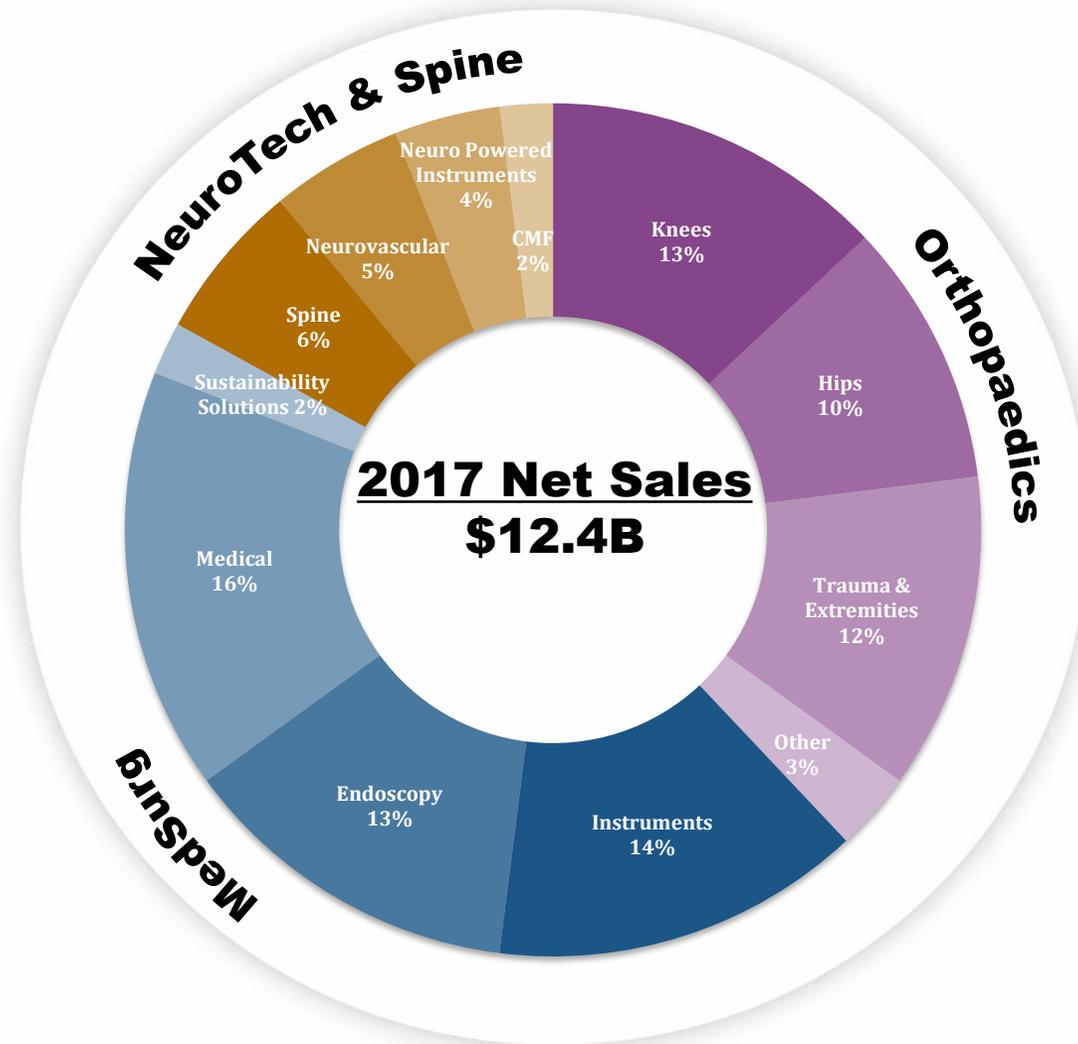


Cost transformation

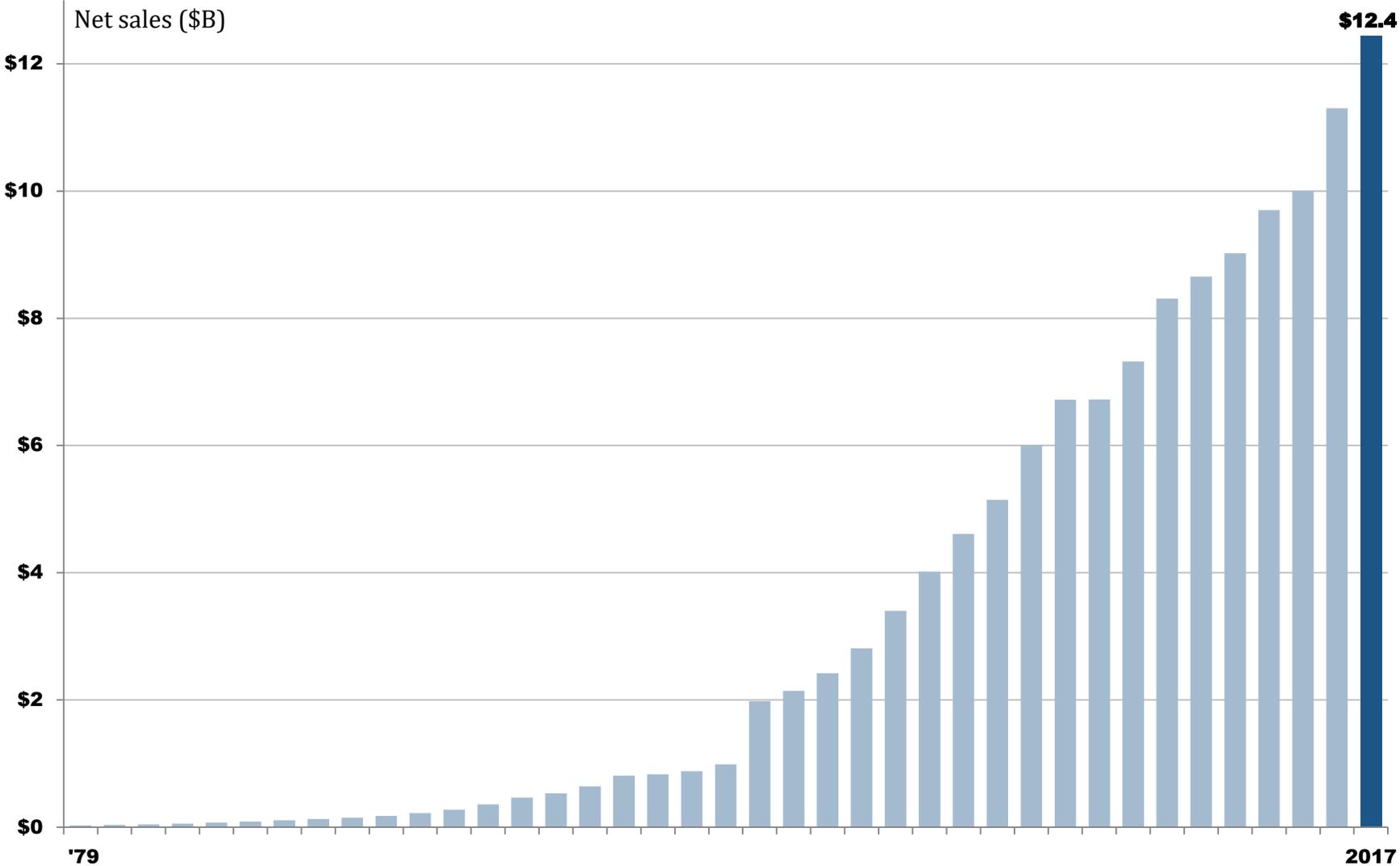
- Drive operational efficiency to reinvest in growth
- Continuously reduce costs and expand margins to optimize shareholder value

Talent offense – People and culture
Quality first – Top tier products and services

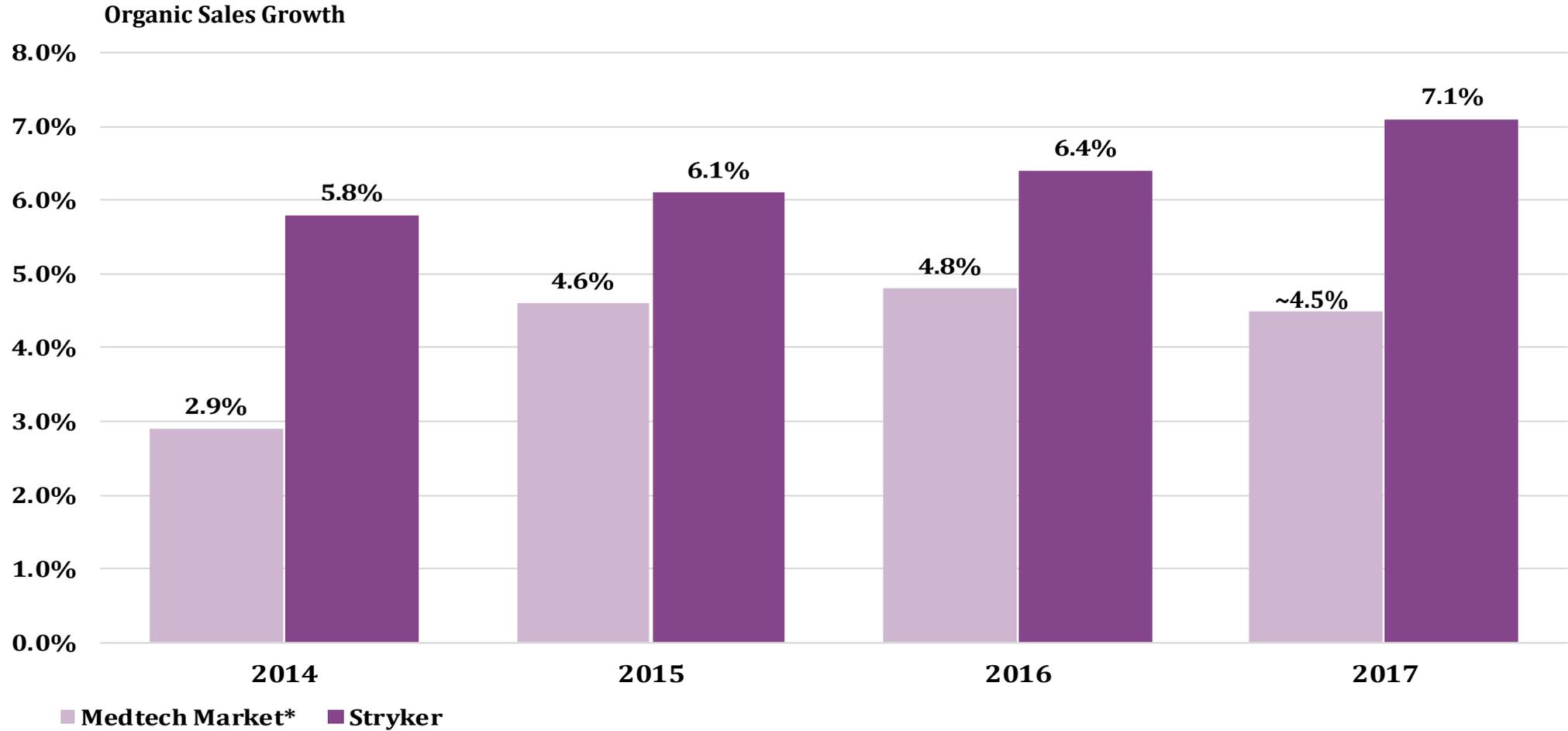
Diverse global medtech leader



Culture of growth

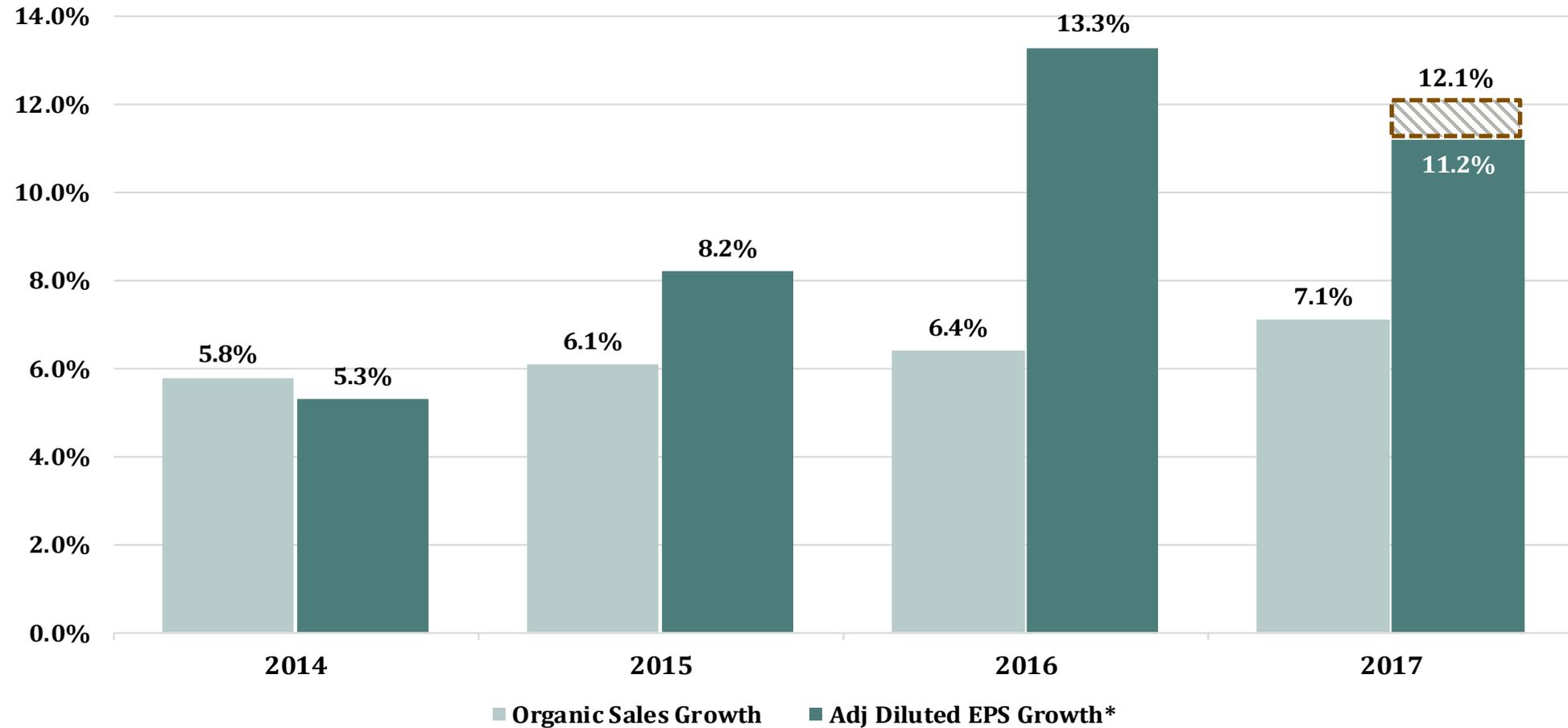


Growth at the high end of Medtech



*Medtech market growth has been compiled by Stryker from financial information and published guidance reported by industry competitors

Delivering leveraged earnings



*Adjusted diluted EPS growth bar for 2017 corresponds with our previously provided EPS range.

2017

FY2017

+ 7.1%

\$6.45 to \$6.50

2017

Highlights

Challenges

Preliminary results

Organic sales growth

Adjusted EPS expected to be in line with latest guidance

- Mako ramping, MedSurg product cycles, Neuro market expansion
- Well-balanced growth across regions
- Acquisition momentum continues, e.g. Novadaq and Entellus

- Sage product recalls
- Weather-related disruption
- Spine market slowdown

Business **outlook in 2018**

Continued market leading growth in Orthopaedics:

2017: net sales \$4,713M, organic sales growth 6.2%

- Ramping penetration for Mako total knee, in first full year post-launch
- Full launch of 3D-printed Acetabulum for hips
- Driving market adoption of cementless knees, now approved with Mako
- Continued focus and investment in Trauma & Extremities

Business **outlook in 2018**

MedSurg momentum continues:

2017: net sales \$5,558M, organic sales growth 7.8%

- Endoscopy broadens video offering with NOVADAQ
- Instruments System 8 power tool in first full year post-launch
- Medical poised for growth with Sage recovery and Physio new product cycle
- Favorable capital market expected to continue

Business **outlook in 2018**

High growth in Neurotechnology & Spine:

2017: net sales \$2,174M, organic sales growth 7.6%

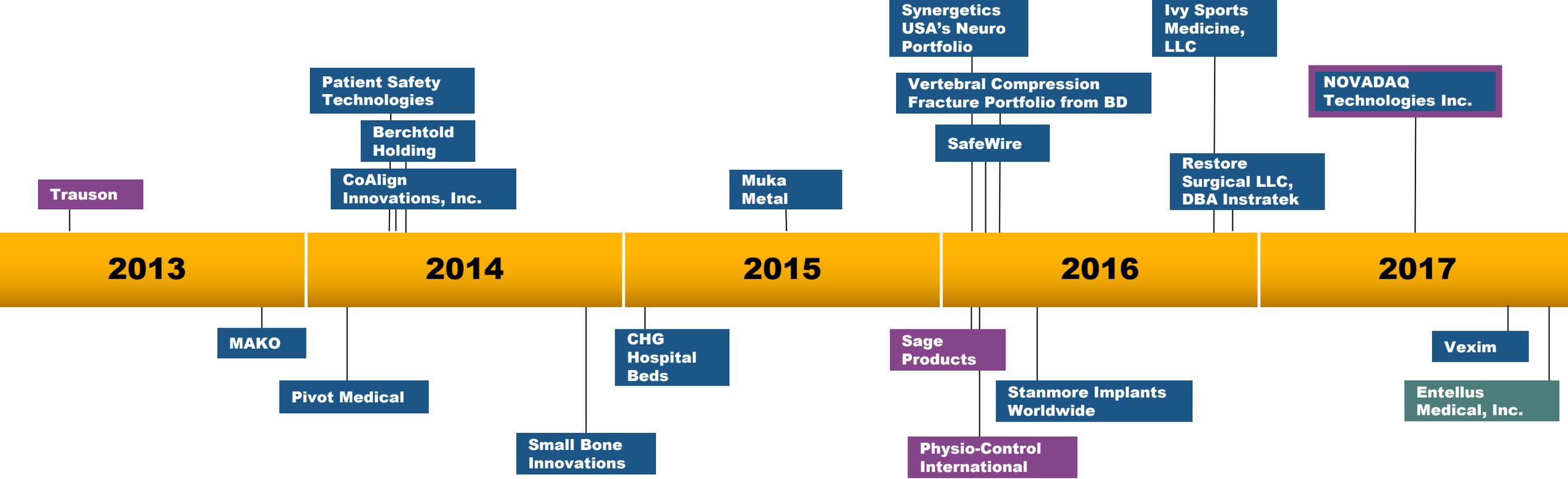
- Ischemic stroke market continues to expand, bolstered by clinical data
- Market leading growth in neuro powered instruments and CMF
- Entellus expands ENT portfolio
- Core spine remains challenged but new products will help

Mergers and **acquisitions**

Acquisitions continue to contribute to organic sales growth at the high end of med tech

Color key:

- Core business
- Adjacency
- Pending



Capital **deployment**

M&A to drive sales growth and innovation

Focused on driving sales growth in core and adjacent markets

Dividend growth

Committed to increasing the dividend in-line with adjusted EPS growth

Share repurchases

2017 repurchases of \$230M

Remaining authorization of \$1.8B



Cost **transformation for growth**

- Product lifecycle management well underway
 - Executing obsolescence plans to reduce thousands of SKUs
 - 2018 will be another year of investing in inventory for replacements, but mix shift benefits are beginning
- Indirect procurement progress continues
 - Meaningful rate savings from move to professionalized purchasing
 - System improvements with ERP will enable larger scope of savings
- Common ERP platform progressing
 - New global system template designed for deployments beginning in Q1 2018
 - Significant process standardization of accompanying systems

Cost **transformation for growth**

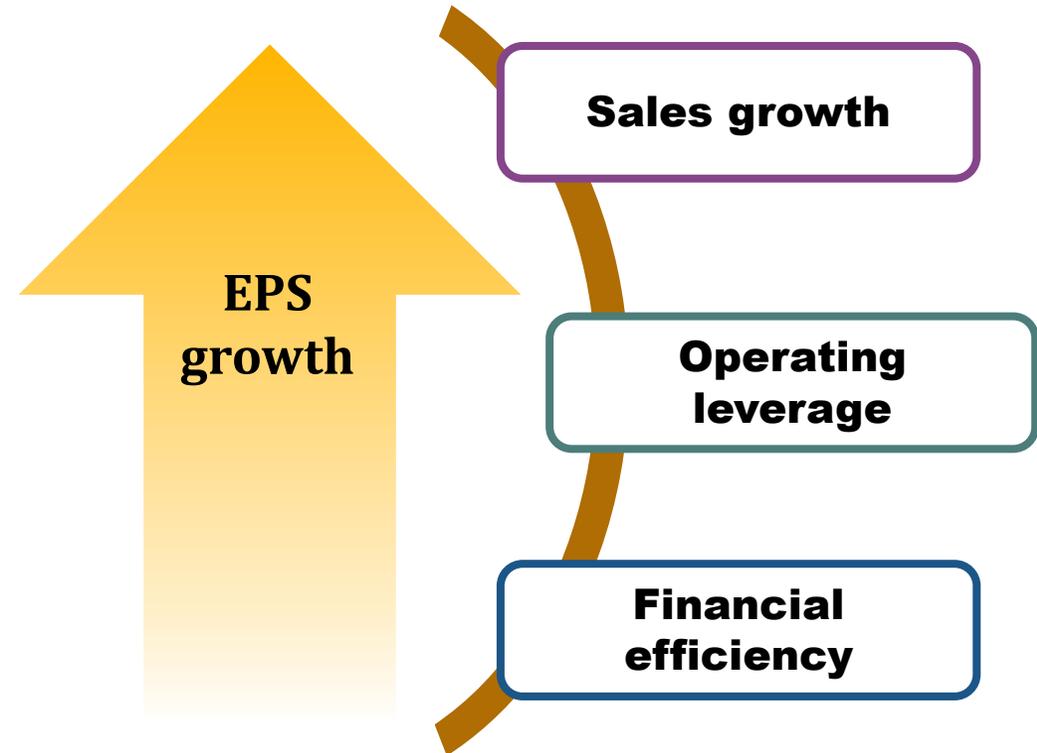
- Shared services expanding
 - Finance shared services process design work largely complete
 - HR shared services on track, beginning with mid-2018 system implementation
- Geographic prioritization on track
 - Executing country exit strategy to shift footprint from 100+ countries to approximately 80
 - Majority of exits complete, without meaningful impact to overall sales growth
- Plant network optimization continuing
 - Plant network optimization activities on track, focused on newly acquired facilities
 - Shifting legacy plants to centers of excellence

Long-term **sustainable financial targets**

Sales growth at the high end of med tech, which allows us to drive...

30 to 50 basis points of annual operating income improvement over the next 5 years, resulting in ...

EPS growth of at least 9% annually



Non-GAAP financial measures

We supplement the reporting of our financial information determined under accounting principles generally accepted in the United States (GAAP) with certain non-GAAP financial measures, including percentage sales growth in constant currency; percentage sales growth in constant currency and excluding the impact of acquisitions; and adjusted net earnings per diluted share. We believe these non-GAAP measures provide meaningful information to assist shareholders in understanding our financial results and assessing our prospects for future performance. Management believes percentage sales growth in constant currency and the other adjusted measures described above are important indicators of our operations because they exclude items that may not be indicative of or are unrelated to our core operating results and provide a baseline for analyzing trends in our underlying businesses. Management uses these non-GAAP financial measures for reviewing the operating results of reportable business segments and analyzing potential future business trends in connection with our budget process and bases certain management incentive compensation on these non-GAAP financial measures.

To measure percentage sales growth in constant currency, we remove the impact of changes in foreign currency exchange rates that affect the comparability and trend of sales. Percentage sales growth in constant currency is calculated by translating current year results at prior year average foreign currency exchange rates. To measure percentage sales growth in constant currency and excluding the impact of acquisitions, we remove the impact of changes in foreign currency exchange rates and such year's acquisitions that affect the comparability and trend of sales. Percentage sales growth in constant currency and excluding the impact of acquisitions is calculated by translating current year results at prior year average foreign currency exchange rates excluding the impact of such year's acquisitions.

Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures with other companies' non-GAAP financial measures having the same or similar names. These adjusted financial measures should not be considered in isolation or as a substitute for reported sales growth and net earnings per diluted share, the most directly comparable GAAP financial measures. These non-GAAP financial measures are an additional way of viewing aspects of our operations that, when viewed with our GAAP results, provide a more complete understanding of our business. We are unable to present a quantitative reconciliation of our expected net earnings per diluted share to expected adjusted net earnings per diluted share without unreasonable efforts due to the inherent difficulty in predicting or estimating the impact of the Tax Cuts and Jobs Act of 2017 on our GAAP earnings. Such impact potentially could be significant.