

Based in Marlborough, Massachusetts, Boston Scientific is a developer, manufacturer, and marketer of medical devices used in a range of interventional medical specialties, including interventional cardiology, peripheral interventions, vascular surgery, electrophysiology, oncology, endoscopy, urology, gynecology, and neuromodulation. The company is a component of the S&P 500.

## Analyst's Notes

Analysis by David Toung, May 1, 2025

**ARGUS RATING:** BUY

- Strong demand for cardio products
- Watchman and Farapulse are driving market share gains and topline growth for BUY-rated Boston Scientific.
- We see a favorable landscape for BSX as it generates revenue and EPS growth while offsetting tariffs headwinds.
- We are raising our estimates for adjusted EPS to \$2.91 (from \$2.85) for 2025 and to \$3.30 (from \$3.28) for 2026.
- Our price target is \$130.

## INVESTMENT THESIS

Our BUY rating on Boston Scientific Corp. (NYSE: BSX) is centered on the company's solid growth opportunities, including robust uptakes from new products in Cardiology (such as Farapulse and Watchman) and other new launches in Urology and Peripheral Interventions. The company makes medical devices used in a range of interventional procedures, including interventional cardiology, peripheral interventions, vascular surgery, electrophysiology, oncology, endoscopy, urology, gynecology, and neuromodulation.

BSX (+43.3%) has outperformed the Healthcare sector and the S&P 500 Index over the past 52 weeks.

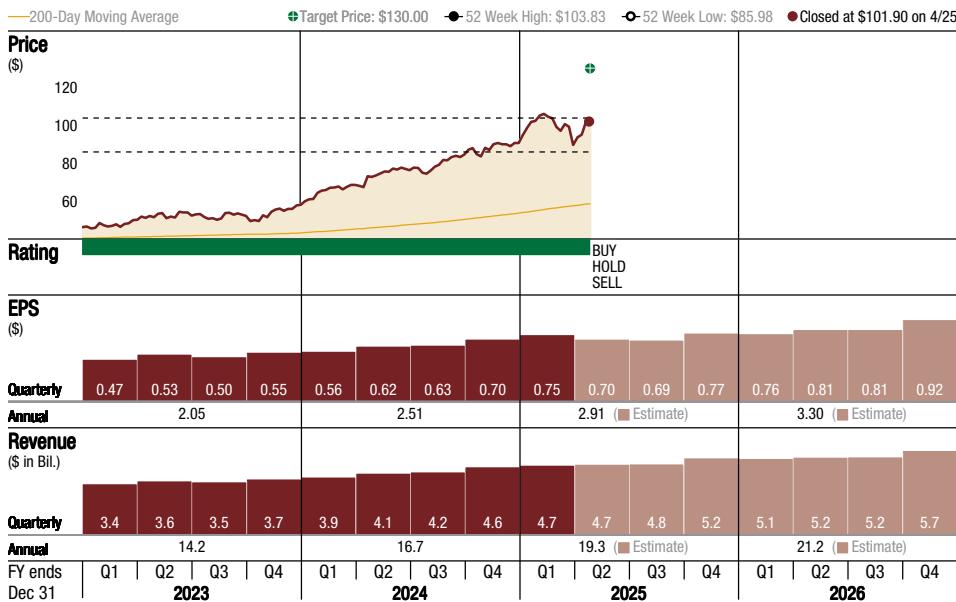
## RECENT DEVELOPMENTS

Boston Scientific is a compelling growth story, anchored by the Watchman LAA closure device and the Farapulse cardiac ablation catheter in electrophysiology. Cardiology sales grew 31% in 1Q25, driven by Watchman (+24%) and electrophysiology products (+145%).

Watchman is an implanted device that closes the heart's left atrial appendage. Farapulse is a pulsed field ablation catheter that brings the heart back into rhythm. The two devices can work together in a single procedure to reduce the risk of stroke and to alleviate arrhythmia.

## Market Data

Pricing reflects previous trading week's closing price.



Please see important information about this report on page 5

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## Argus Recommendations

Twelve Month Rating	SELL	HOLD	BUY
Five Year Rating	SELL	HOLD	BUY
Sector Rating	Under Weight	Market Weight	Over Weight

Argus assigns a 12-month BUY, HOLD, or SELL rating to each stock under coverage.

- BUY-rated stocks are expected to outperform the market (the benchmark S&P 500 Index) on a risk-adjusted basis over the next year.
- HOLD-rated stocks are expected to perform in line with the market.
- SELL-rated stocks are expected to underperform the market on a risk-adjusted basis.

The distribution of ratings across Argus' entire company universe is: 73% Buy, 26% Hold, 0% Sell.

## Key Statistics

Key Statistics pricing data reflects previous trading day's closing price. Other applicable data are trailing 12-months unless otherwise specified

### Market Overview

Price	\$103.19
Target Price	\$130.00
52 Week Price Range	\$70.97 to \$107.17
Shares Outstanding	1.48 Billion
Dividend	\$0.00

### Sector Overview

Sector	Healthcare
Sector Rating	OVER WEIGHT
Total % of S&P 500 Market Cap.	11.20%

### Financial Strength

Financial Strength Rating	MEDIUM-HIGH
Debt/Capital Ratio	33.8%
Return on Equity	19.3%
Net Margin	11.6%
Payout Ratio	—
Current Ratio	1.08
Revenue	\$17.55 Billion
After-Tax Income	\$2.03 Billion

### Valuation

Current FY P/E	35.46
Prior FY P/E	41.11
Price/Sales	8.70
Price/Book	6.99
Book Value/Share	\$14.76
Market Capitalization	\$152.63 Billion

### Forecasted Growth

1 Year EPS Growth Forecast	15.94%
5 Year EPS Growth Forecast	11.00%
1 Year Dividend Growth Forecast	N/A
Beta	0.90
Institutional Ownership	90.21%

### Risk

Beta	0.90
Institutional Ownership	90.21%

**Analyst's Notes** ...Continued

BSX reported 1Q25 results on April 23. Adjusted EPS was \$0.75, beating the consensus estimate by \$0.08 and increasing 33.9%. GAAP net income was \$674 million or \$0.45 per share, compared to \$495 million or \$0.33 per share a year ago.

Net sales was \$4.663 billion, increasing 20.9% on a reported basis. Organic growth was 18.2%. Organic growth excludes the impact of foreign exchange and acquisition and divestitures.

Sales growth drivers were the Cardiology portfolio (+31.2% organic), Peripheral Interventions (+7.4%) and Neuromodulation (+6.8%).

Within the business segments, Cardiovascular sales grew 25.6% organically. Cardiovascular includes the aforementioned Cardiology portfolio as well as Peripheral Interventional products. The MedSurg segment sales grew 5.3%. MedSurg was led by Neuromodulation (+6.8%).

By measures of profitability, the adjusted gross margin was 71.5%, up 170 basis points, driven by a favorable product mix. The adjusted operating margin was 28.9%, up 270 basis points. This was driven by the higher gross margin.

Operational highlights in 1Q25 include the following:

The commencement of the OPTION-A clinical trial in the Asia-Pacific region to evaluate the safety and effectiveness of catheter ablation with Farapulse and the subsequent implant of the Watchman for left atrial appendage closure in a concomitant procedure. This Farapulse-Watchman combination has received a reimbursement code under Medicare Advantage.

The completed acquisition of Bolt Medical, the developer of advanced laser-based systems for treating coronary and peripheral artery disease.

The announced agreement to acquire SoniVie, a developer of the TIVUS intravascular ultrasound system for treating hypertension through nerve denervation.

The company disclosed that based on the current schedule of expected tariffs, it forecasts a \$200 million impact in 2025. However, management expects to fully offset this headwind with the volume leverage from higher-than-expected sales growth and from targeted reductions in discretionary spending. Given that tariff costs are capitalized in inventory and recognized in the P&L as finished goods are sold, most of the tariff impact will be in the second half of 2025. BSX is not planning to move manufacturing around the globe. It has a well-optimized supply chain around the globe and is not looking to make any changes as of now.

**EARNINGS & GROWTH ANALYSIS**

BSX raised its guidance for 2025. It now expects organic revenue growth of 12%-14%, up from a prior view of 10%-12%. It raised its guidance for adjusted EPS to \$2.87-\$2.94 from \$2.80-\$2.87. It also raised its organic revenue growth forecast to 12%-14%, from 10%-12%. We note that BSX fully offset the \$200 million impact from tariffs and raised guidance.

We are raising our estimates for adjusted EPS to \$2.91 from \$2.85 for 2025 and to \$3.30 from \$3.28 for 2025.

**Growth & Valuation Analysis****GROWTH ANALYSIS**

(\$ in Millions, except per share data)

	2020	2021	2022	2023	2024
Revenue	9,913	11,888	12,682	14,240	16,747
COGS	3,510	3,711	3,956	4,345	5,257
Gross Profit	6,403	8,177	8,727	9,896	11,490
SG&A	3,787	4,359	4,520	5,190	5,984
R&D	1,143	1,204	1,323	1,414	1,615
Operating Income	684	1,824	2,034	2,418	3,002
Interest Expense	358	337	460	243	198
Pretax Income	-79	1,076	1,141	1,985	2,282
Income Taxes	2	36	443	393	436
Tax Rate (%)	—	3	39	20	19
Net Income	-82	1,041	698	1,593	1,854
Diluted Shares Outstanding	1,417	1,434	1,440	1,464	1,486
EPS	-0.08	0.69	0.45	1.07	1.25
Dividend	—	—	—	—	—
<b>GROWTH RATES (%)</b>					
Revenue	-7.7	19.9	6.7	12.3	17.6
Operating Income	-60.7	166.7	11.5	18.9	24.2
Net Income	—	—	-32.9	128.2	16.4
EPS	—	—	-34.8	137.8	16.8
Dividend	—	—	—	—	—
Sustainable Growth Rate	29.2	6.9	3.5	6.5	9.1
<b>VALUATION ANALYSIS</b>					
Price: High	\$46.13	\$46.29	\$47.95	\$58.34	\$91.93
Price: Low	\$24.10	\$34.58	\$34.98	\$44.35	\$57.11
Price/Sales: High-Low	6.6 - 3.4	5.6 - 4.2	5.4 - 4.0	6.0 - 4.6	8.2 - 5.1
P/E: High-Low	— - —	67.1 - 50.1	106.6 - 77.7	54.5 - 41.4	73.5 - 45.7
Price/Cash Flow: High-Low	42.7 - 22.3	32.1 - 24.0	57.6 - 42.0	36.1 - 27.4	46.4 - 28.8

**Financial & Risk Analysis****FINANCIAL STRENGTH**

	2022	2023	2024
Cash (\$ in Millions)	928	865	414
Working Capital (\$ in Millions)	1,957	1,581	521
Current Ratio	1.51	1.32	1.08
LT Debt/Equity Ratio (%)	52.7	46.5	43.0
Total Debt/Equity Ratio (%)	52.8	49.2	51.2

**RATIOS (%)**

Gross Profit Margin	68.8	69.5	68.6
Operating Margin	16.0	17.0	17.9
Net Margin	5.1	11.0	11.1
Return On Assets	2.0	4.6	5.0
Return On Equity	3.8	8.5	9.0

**RISK ANALYSIS**

Cash Cycle (days)	137.9	160.8	169.9
Cash Flow/Cap Ex	2.5	3.1	3.2
Oper. Income/Int. Exp. (ratio)	3.4	8.5	8.5
Payout Ratio	—	—	—

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**Analyst's Notes** ...Continued

Our five-year EPS growth rate forecast is 11%.

**FINANCIAL STRENGTH & DIVIDEND**

Our financial strength rating on BSX is Medium-High. Cash flow from operations for the first nine months of 2024 was \$1.979 billion, compared to \$1.546 billion a year ago. We will update the cash flow information when the 10-K for 2024 is filed.

The company's top priority in capital allocation is tuck-in M&A, followed by share repurchases to offset dilution from employee stock grants.

BSX does not pay a dividend.

**MANAGEMENT & RISKS**

Michael F. Mahoney is the CEO of Boston Scientific. Dan Brennan is retiring from the CFO position, effective at the end of June. He has been with the company for nearly 30 years. Mr. Brennan has served as CFO since 2014.

Mr. Brennan will be succeeded by Jon Monson, who currently leads investor relations. Mr. Monson has been with the company for 25 years. Prior to his current position, Mr. Monson held multiple roles of increasing responsibility across Boston Scientific finance, including five years as global controller and chief accounting officer and, prior to that, four years as vice president and controller of the company's Urology business.

Investors in BSX shares face risks. In the medical device industry, Boston Scientific competes with Medtronic, Abbott, Johnson & Johnson, and others in several segments of the medtech

industry.

Like other medtech companies, BSX faces risks as its products go through clinical trials. The company seeks to expand its presence in overseas markets, such as in China, Japan, and Latin America, among other regions. Each market has its own regulatory and reimbursement structures that could potentially impact the ability to grow profitable in these regions.

Boston Scientific also faces regulatory and technological risks. The company is developing new products to fill its product pipeline. However, these products must complete clinical trials and clear regulatory hurdles before reaching the market. The company is active in M&A. Acquisitions typically require antitrust clearance.

**COMPANY DESCRIPTION**

Based in Marlborough, Massachusetts, Boston Scientific is a developer, manufacturer, and marketer of medical devices used in a range of interventional medical specialties, including interventional cardiology, peripheral interventions, vascular surgery, electrophysiology, oncology, endoscopy, urology, gynecology, and neuromodulation. The company is a component of the S&P 500.

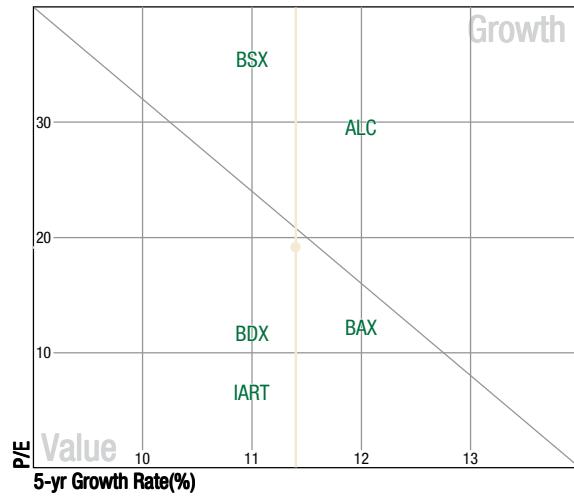
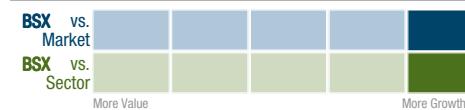
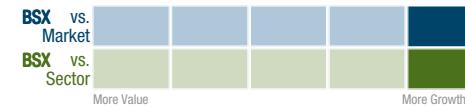
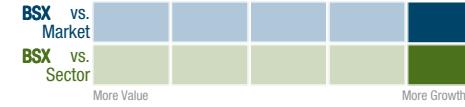
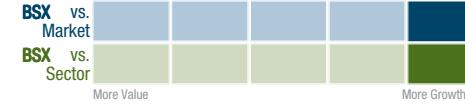
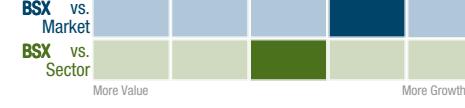
**VALUATION**

BSX trades at 31.2-times our 2026 EPS estimate, above the average multiple of 23.5 for our coverage universe of medtech stocks. Our positive view of the company is underpinned by its growth opportunities, driven by its portfolio of recently launched products and its M&A activities. We also see BSX gaining presence

**Peer & Industry Analysis**

The graphics in this section are designed to allow investors to compare BSX versus its industry peers, the broader sector, and the market as a whole, as defined by the Argus Universe of Coverage.

- The scatterplot shows how BSX stacks up versus its peers on two key characteristics: long-term growth and value. In general, companies in the lower left-hand corner are more value-oriented, while those in the upper right-hand corner are more growth-oriented.
- The table builds on the scatterplot by displaying more financial information.
- The bar charts on the right take the analysis two steps further, by broadening the comparison groups into the sector level and the market as a whole. This tool is designed to help investors understand how BSX might fit into or modify a diversified portfolio.

**P/E****Price/Sales****Price/Book****PEG****5 Year Growth****Debt/Capital**

**Analyst's Notes** ...Continued

in overseas markets, such as Japan, China, and Europe.  
On May 1, BUY-rated BSX closed at \$103.19, up \$0.32.

## About Argus

Argus Research, founded by Economist Harold Dorsey in 1934, has built a top-down, fundamental system that is used by Argus analysts. This six-point system includes Industry Analysis, Growth Analysis, Financial Strength Analysis, Management Assessment, Risk Analysis and Valuation Analysis.

Utilizing forecasts from Argus' Economist, the Industry Analysis identifies industries expected to perform well over the next one-to-two years.

The Growth Analysis generates proprietary estimates for companies under coverage.

In the Financial Strength Analysis, analysts study ratios to understand profitability, liquidity and capital structure.

During the Management Assessment, analysts meet with and familiarize themselves with the processes of corporate management teams.

Quantitative trends and qualitative threats are assessed under the Risk Analysis.

And finally, Argus' Valuation Analysis model integrates a historical ratio matrix, discounted cash flow modeling, and peer comparison.

### THE ARGUS RESEARCH RATING SYSTEM

Argus uses three ratings for stocks: BUY, HOLD, and SELL. Stocks are rated relative to a benchmark, the S&P 500.

- A BUY-rated stock is expected to outperform the S&P 500 on a risk-adjusted basis over a 12-month period. To make this determination, Argus Analysts set target prices, use beta as the measure of risk, and compare expected risk-adjusted stock returns to the S&P 500 forecasts set by the Argus Market Strategist.
- A HOLD-rated stock is expected to perform in line with the S&P 500.
- A SELL-rated stock is expected to underperform the S&P 500.

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