

## Boston Scientific Announces Results For Fourth Quarter And Full Year 2018

MARLBOROUGH, Mass., Feb. 6, 2019 /PRNewswire/ -- Boston Scientific Corporation (NYSE: BSX) generated sales of \$2.561 billion during the fourth quarter of 2018. This represents growth of 6.3 percent on a reported basis, 8.2 percent on an operational<sup>1</sup> basis and 7.0 percent on an organic<sup>2</sup> basis, all compared to the prior year period. The company reported GAAP earnings of \$386 million or \$0.27 per share (EPS), compared to a GAAP loss of \$615 million or \$(0.45) per share a year ago and achieved adjusted earnings per share of \$0.39 for the period, compared to \$0.34 a year ago.

For the full year 2018, the company generated sales of \$9.823 billion. This represents growth of 8.6 percent on a reported basis, 8.0 percent on an operational basis and 7.2 percent on an organic basis, all compared to the prior year period. The company reported GAAP earnings of \$1.19 per share, compared to \$0.08 in the prior year period and delivered full year adjusted earnings per share of \$1.47, compared to \$1.26 in 2017. Full year 2018 adjusted earnings per share includes a \$0.07 net tax benefit.<sup>3</sup>

"Meaningful innovation and focused execution helped us deliver strong financial results in 2018," said Mike Mahoney, chairman and chief executive officer, Boston Scientific. "We remain driven by the opportunity to help more patients with our life-changing technologies, including a robust long-term pipeline of new devices and therapies."

### Fourth quarter financial results and recent developments:

- Reported fourth quarter sales of \$2.561 billion, compared to the company's guidance range of \$2.525 to \$2.565 billion, representing an increase of 6.3 percent on a reported basis, 8.2 percent on an operational basis and 7.0 percent on an organic basis, all compared to the prior year period.
- Reported fourth quarter GAAP earnings of \$0.27 per share, compared to the company's guidance range of \$0.15 to \$0.17 per share. Achieved adjusted earnings per share of \$0.39, which compares to our guidance range of \$0.30 to \$0.32 per share. Fourth quarter adjusted earnings per share includes a \$0.01 net tax benefit.<sup>4</sup>
- Achieved fourth quarter revenue growth in all segments, compared to the prior year period:
  - MedSurg: 7.4 percent reported, 8.9 percent operational and 6.2 percent organic
  - Rhythm and Neuro: 5.1 percent reported, 6.6 percent operational and organic
  - Cardiovascular: 6.3 percent reported, 8.6 percent operational and 7.7 percent organic
- Delivered fourth quarter revenue growth in all regions, compared to the prior year period:
  - U.S.: 7.0 percent reported and operational
  - EMEA (Europe, Middle East and Africa): 5.1 percent reported and 9.2 percent operational
  - APAC (Asia-Pacific): 5.2 percent reported and 7.1 percent operational
  - Emerging Markets<sup>5</sup>: 16.8 percent reported and 27.2 percent operational
- Reached an agreement on the terms of a recommended offer to acquire BTG plc. (LSE: BTG), a company headquartered in the United Kingdom, which develops and commercializes products used in minimally-invasive procedures targeting cancer and vascular diseases, as well as acute care pharmaceuticals.
- Closed the acquisition of Millipede, Inc., a privately-held company in Santa Rosa, Calif. The Millipede IRIS Transcatheter Annuloplasty Ring System is in development for the treatment of patients with severe functional mitral regurgitation (FMR) who are not able to tolerate open-heart surgery.
- Began REPRISE IV clinical trial, a prospective, multicenter, single-arm clinical study to assess the safety and effectiveness of transcatheter aortic valve replacement (TAVR) with the LOTUS Edge™ Aortic Valve System<sup>6</sup> for intermediate surgical risk patients, including those with a bicuspid valve.
- Reached an agreement with Edwards Lifesciences Corporation (NYSE: EW) to settle all outstanding patent disputes between the companies in all venues around the world. Under the terms of the agreement, Edwards has made a one-time payment to Boston Scientific of \$180 million and the parties will not litigate patent disputes related to current portfolios of transcatheter aortic valves (TAVR), certain mitral valve repair devices, and left atrial appendage closure (LAAC) devices.
- Received U.S. Food and Drug Administration (FDA) approval for the 4.50 mm and 5.00 mm diameter SYNERGY™ Everolimus-Eluting Platinum Chromium Coronary Stent System, the first bioabsorbable polymer stent designed for early healing in large vessels.
- The WATCHMAN™ Left Atrial Appendage Closure (LAAC) Device was included in the updated American Heart Association (AHA), the American College of Cardiology (ACC) and the Heart Rhythm Society (HRS) Guideline for the Management of Patients with Atrial Fibrillation (AF) as a stroke risk reduction option for non-valvular AF patients who are poor candidates for long-term oral anticoagulants.
- Received FDA approval for and launched the Vercise™ Primary Cell and Vercise Gevia™ Deep Brain Stimulation (DBS) Systems featuring the Vercise Cartesia™ Directional Lead. The new DBS systems allow for control of the range, shape, position and direction of electrical stimulation to tailor the treatment of the symptoms patients suffering from Parkinson's disease.
- Launched the SpyScope™ DSII Access and Delivery Catheter, an upgraded scope for cholangiopancreatography, and two new SpyGlass™ DS System accessories, to offer physicians better visualization of the pancreatic and bile ducts, as well as additional tools to manage difficult stones and strictures.
- Announced four-year results from a randomized clinical trial demonstrating that Rezūm™ Water Vapor Therapy, a minimally invasive treatment for benign prostatic hyperplasia (BPH), provided durable results, demonstrated by a 4.4 percent surgical retreatment rate, and preserved sexual function.
- Launched the AdVance™ XP Male Sling System in the U.S., a minimally invasive solution for the treatment of mild to moderate male stress urinary incontinence which will allow urologists to treat more men who are appropriate for this sling.
- Announced plans to host and webcast an Investor Day business review meeting for the investment community on Wednesday, June 26, 2019.

1. Operational revenue growth excludes the impact of foreign currency fluctuations.

2. Organic revenue growth excludes the impact of foreign currency fluctuations and sales from the recent acquisitions of Symetis SA, NxThera, Inc., Claret Medical, Inc. and Augmenix, Inc., each with no prior year comparable sales.

3. The full year 2018 net tax benefit of \$0.07 includes our previously disclosed second quarter \$0.06 benefit from settling the IRS Stipulation of Settled Issues for the 2001 through 2010 tax years, offset by a fourth quarter \$0.05 charge for our previously announced tax reinvestment strategy. In addition, the net benefit includes a \$0.06 benefit in the fourth quarter for the settlement with the IRS of our 2011 through 2013 tax years.

4. The fourth quarter net tax benefit of \$0.01 includes the aforementioned fourth quarter \$0.05 charge for our previously announced tax reinvestment strategy, which was estimated to be \$0.06 at the time of guidance issued October 24, 2018, offset by a \$0.06 benefit for the aforementioned fourth quarter tax settlement.

5. We define Emerging Markets as including certain countries that we believe have strong growth potential based on their economic conditions, healthcare sectors and our global capabilities. Currently, we include 20 countries in our definition of Emerging Markets.

6. The LOTUS Edge Aortic Valve System is an investigational device in the United States and not available for sale.

### Net sales for the fourth quarter by business and region:

| (in millions)             | Three Months Ended<br>December 31, |            | Change            |  |                      |  |                  |
|---------------------------|------------------------------------|------------|-------------------|--|----------------------|--|------------------|
|                           | 2018                               | 2017       | Reported<br>Basis | Less: Impact<br>of Foreign<br>Currency<br>Fluctuations | Operational<br>Basis | Less:<br>Impact of<br>Recent<br>Acquisitions | Organic<br>Basis |
| Endoscopy                 | \$ 458                             | \$ 436     | 5.0%              | (1.6)%   | 6.6%                 | —%   | 6.6%             |
| Urology and Pelvic Health | 342                                | 308        | 10.8%             | (1.3)%   | 12.1%                | 6.5%   | 5.6%             |
| <b>MedSurg*</b>           | <b>800</b>                         | <b>745</b> | <b>7.4%</b>       | <b>(1.5)%</b>  | <b>8.9%</b>          | <b>2.7%</b>                                  | <b>6.2%</b>      |
| Cardiac Rhythm Management | 488                                | 488        | 0.1%              | (1.6)%   | 1.7%                 | —%   | 1.7%             |
| Electrophysiology         | 81                                 | 77         | 6.3%              | (1.7)%   | 8.0%                 | —%   | 8.0%             |

|                           |                 |                 |             |               |              |             |              |
|---------------------------|-----------------|-----------------|-------------|---------------|--------------|-------------|--------------|
| <b>Rhythm and Neuro*</b>  | <b>290</b>      | <b>281</b>      | <b>1.5%</b> | <b>(0.5)%</b> | <b>16.6%</b> | <b>—%</b>   | <b>16.6%</b> |
| Interventional Cardiology | 668             | 636             | 5.0%        | (2.5)%        | 7.5%         | 1.4%        | 6.1%         |
| Peripheral Interventions  | 302             | 277             | 9.2%        | (2.0)%        | 11.2%        | —%          | 11.2%        |
| <b>Cardiovascular</b>     | <b>970</b>      | <b>913</b>      | <b>6.3%</b> | <b>(2.3)%</b> | <b>8.6%</b>  | <b>0.9%</b> | <b>7.7%</b>  |
| <b>Net Sales</b>          | <b>\$ 2,561</b> | <b>\$ 2,408</b> | <b>6.3%</b> | <b>(1.9)%</b> | <b>8.2%</b>  | <b>1.2%</b> | <b>7.0%</b>  |

| (in millions)            | Three Months Ended December 31, |                 | Reported Basis | Change  |                   |
|--------------------------|---------------------------------|-----------------|----------------|---|-------------------|
|                          | 2018                            | 2017            |                | Less: Impact of Foreign Currency Fluctuations | Operational Basis |
| U.S.                     | \$ 1,459                        | \$ 1,364        | 7.0%           | —%  | 7.0%              |
| EMEA**                   | 557                             | 529             | 5.1%           | (4.1)%  | 9.2%              |
| APAC**                   | 445                             | 423             | 5.2%           | (1.9)%  | 7.1%              |
| Latin America and Canada | 101                             | 94              | 7.2%           | (15.0)%                                       | 22.2%             |
| <b>Net Sales</b>         | <b>\$ 2,561</b>                 | <b>\$ 2,408</b> | <b>6.3%</b>    | <b>(1.9)%</b>                                 | <b>8.2%</b>       |
| <b>Emerging Markets</b>  | <b>\$ 278</b>                   | <b>\$ 238</b>   | <b>16.8%</b>   | <b>(10.4)%</b>                                | <b>27.2%</b>      |

#### Net sales for the full year by business and region:

| (in millions)             | Year Ended December 31, |                 | Reported Basis | Change  |                   | Less: Impact of Recent Acquisitions | Organic Basis |
|---------------------------|-------------------------|-----------------|----------------|---|-------------------|-------------------------------------|---------------|
|                           | 2018                    | 2017            |                | Less: Impact of Foreign Currency Fluctuations | Operational Basis |                                     |               |
| Endoscopy                 | \$ 1,762                | \$ 1,619        | 8.8%           | 0.5%  | 8.3%              | —%                                  | 8.3%          |
| Urology and Pelvic Health | 1,245                   | 1,124           | 10.8%          | 0.2%  | 10.6%             | 2.5%                                | 8.1%          |
| <b>MedSurg*</b>           | <b>3,007</b>            | <b>2,742</b>    | <b>9.7%</b>    | <b>0.4%</b>                                   | <b>9.3%</b>       | <b>1.1%</b>                         | <b>8.2%</b>   |
| Cardiac Rhythm Management | 1,951                   | 1,895           | 2.9%           | 0.8%  | 2.1%              | —%                                  | 2.1%          |
| Electrophysiology         | 311                     | 278             | 12.1%          | 1.2%  | 10.9%             | —%                                  | 10.9%         |
| Neuromodulation           | 779                     | 635             | 22.7%          | 0.2%  | 22.5%             | —%                                  | 22.5%         |
| <b>Rhythm and Neuro*</b>  | <b>3,041</b>            | <b>2,808</b>    | <b>8.3%</b>    | <b>0.7%</b>                                   | <b>7.6%</b>       | <b>—%</b>                           | <b>7.6%</b>   |
| Interventional Cardiology | 2,590                   | 2,419           | 7.1%           | 0.5%  | 6.6%              | 2.1%                                | 4.5%          |
| Peripheral Interventions  | 1,187                   | 1,081           | 9.8%           | 0.6%  | 9.2%              | —%                                  | 9.2%          |
| <b>Cardiovascular</b>     | <b>3,777</b>            | <b>3,500</b>    | <b>7.9%</b>    | <b>0.5%</b>                                   | <b>7.4%</b>       | <b>1.4%</b>                         | <b>6.0%</b>   |
| <b>Net Sales</b>          | <b>\$ 9,823</b>         | <b>\$ 9,048</b> | <b>8.6%</b>    | <b>0.6%</b>                                   | <b>8.0%</b>       | <b>0.8%</b>                         | <b>7.2%</b>   |

| (in millions)            | Year Ended December 31, |                 | Reported Basis | Change  |                   |
|--------------------------|-------------------------|-----------------|----------------|---|-------------------|
|                          | 2018                    | 2017            |                | Less: Impact of Foreign Currency Fluctuations | Operational Basis |
| U.S.                     | \$ 5,538                | \$ 5,162        | 7.3%           | —%  | 7.3%              |
| EMEA**                   | 2,176                   | 1,940           | 12.2%          | 3.2%  | 9.0%              |
| APAC**                   | 1,727                   | 1,587           | 8.8%           | 1.3%  | 7.5%              |
| Latin America and Canada | 383                     | 358             | 6.8%           | (9.0)%  | 15.8%             |
| <b>Net Sales</b>         | <b>\$ 9,823</b>         | <b>\$ 9,048</b> | <b>8.6%</b>    | <b>0.6%</b>                                   | <b>8.0%</b>       |
| <b>Emerging Markets</b>  | <b>\$ 1,072</b>         | <b>\$ 909</b>   | <b>18.0%</b>   | <b>(3.4)%</b>                                 | <b>21.4%</b>      |

\*Prior period segment amounts revised in accordance with ASC 280, Segment Reporting, to reflect the reclassification of Neuromodulation from the MedSurg segment to the Rhythm and Neuro segment, effective January 1, 2018.

\*\*Regional totals reflect the reclassification of Middle East and Africa from the former AMEA region to Europe, effective January 1, 2018.

Amounts may not add due to rounding. Growth rates are based on actual, non-rounded amounts and may not recalculate precisely.

Sales growth rates that exclude the impact of foreign currency fluctuations and/or the impact of recent aforementioned acquisitions are not prepared in accordance with U.S. GAAP.

#### Guidance for Full Year and First Quarter 2019

The company estimates revenue growth for the full year 2019, versus the prior year period, to be in a range of approximately 7 to 9 percent on a reported basis and a growth range of approximately 7 to 8.5 percent on an organic basis, excluding the impact of changes in foreign currency exchange rates and contribution of approximately 110 basis points from the acquisitions of NxThera, Claret and Augmenix, each with no prior year comparable sales. The company estimates income on a GAAP basis in a range of \$1.13 to \$1.18 per share and estimates adjusted earnings, excluding amortization expense, acquisition-related, restructuring- and restructuring-related and litigation-related net charges (credits) in a range of \$1.53 to \$1.58 per share.

The company estimates revenue growth for the first quarter of 2019, versus the prior year period, to be in a range of approximately 6 to 7 percent on a reported basis and a growth range of approximately 7 to 8 percent on an organic basis, excluding the impact of changes in foreign currency exchange rates and contribution of approximately 160 basis points from the acquisitions of NxThera, Claret and Augmenix, each with no prior year comparable sales. The company estimates earnings on a GAAP basis in a range of \$0.32 to \$0.33 per share and estimates adjusted earnings, excluding amortization expense, acquisition-related, restructuring- and restructuring-related and litigation-related net charges (credits) in a range of \$0.35 to \$0.36 per share.

#### Conference Call Information

Boston Scientific management will be discussing these results with analysts on a conference call today at 8:00 a.m. ET. The company will webcast the call to interested parties through its website: [www.bostonscientific.com](http://www.bostonscientific.com). Please see the website for details on how to access the webcast. The webcast will be available for approximately one year on the Boston Scientific website.

#### About Boston Scientific

Boston Scientific transforms lives through innovative medical solutions that improve the health of patients around the world. As a global medical technology leader for more than 35 years, we advance science for life by providing a broad range of high performance solutions that address unmet patient needs and reduce the cost of healthcare. For more information, visit [www.bostonscientific.com](http://www.bostonscientific.com) and connect on [Twitter](#) and [Facebook](#).



| <i>in millions, except per share data</i>                     | GAAP Net Income (Loss) | Expenses      | Expenses      | (Loss)        | (Loss)        | (Loss)        | Shares         |
|---|------------------------|---------------|---------------|---------------|---------------|---------------|----------------|
|   | \$ 679                 | \$ 888        | \$ 284        | \$ 319        | \$ 227        | \$ (615)      | \$ (0.45)      |
| <b>Non-GAAP adjustments:</b>                                  |                        |               |               |               |               |               |                |
| Amortization expense  | —                      | —             | —             | 142           | 142           | 127           | 0.09 *         |
| Acquisition-related net charges (credits)                     | (5)                    | (24)          | (8)           | 33            | 35            | 29            | 0.02 *         |
| Restructuring and restructuring-related net charges (credits) | (10)                   | (4)           | —             | 34            | 34            | 26            | 0.02 *         |
| Litigation-related net charges (credits)                      | —                      | —             | —             | 89            | 89            | 50            | 0.04 *         |
| Investment impairment charges                                 | —                      | —             | —             | —             | 3             | 2             | 0.00 *         |
| Discrete tax items  | —                      | —             | —             | —             | —             | 861           | 0.62 *         |
| <b>Adjusted net income</b>                                    | <b>\$ 659</b>          | <b>\$ 859</b> | <b>\$ 256</b> | <b>\$ 617</b> | <b>\$ 530</b> | <b>\$ 480</b> | <b>\$ 0.34</b> |

\*Assumes dilution of 22.1 million shares for the three months ended December 31, 2017.

An explanation of the company's use of these non-GAAP financial measures is provided at the end of this document.

**BOSTON SCIENTIFIC CORPORATION**  
NON-GAAP NET INCOME AND NET INCOME PER SHARE RECONCILIATIONS  
(Unaudited)

| <i>in millions, except per share data</i>                     | Year Ended December 31, 2018 |                 |                 |                         |                       |                   |                |
|---|------------------------------|-----------------|-----------------|-------------------------|-----------------------|-------------------|----------------|
|   | Cost of Products Sold        | SG&A Expenses   | R&D Expenses    | Operating Income (Loss) | Pre-Tax Income (Loss) | Net Income (Loss) | Impa per Shar  |
| <b>GAAP net income (loss)</b>                                 | <b>\$ 2,813</b>              | <b>\$ 3,569</b> | <b>\$ 1,113</b> | <b>\$ 1,506</b>         | <b>\$ 1,422</b>       | <b>\$ 1,671</b>   | <b>\$ 1.11</b> |
| <b>Non-GAAP adjustments:</b>                                  |                              |                 |                 |                         |                       |                   |                |
| Amortization expense  | —                            | —               | —               | 599                     | 599                   | 520               | 0.31           |
| Intangible asset impairment charges                           | —                            | —               | —               | 35                      | 35                    | 31                | 0.01           |
| Acquisition-related net charges (credits)                     | (41)                         | (84)            | (60)            | 164                     | (46)                  | 5                 | 0.00           |
| Restructuring and restructuring-related net charges (credits) | (47)                         | (11)            | (1)             | 96                      | 96                    | 77                | 0.01           |
| Litigation-related net charges (credits)                      | —                            | —               | —               | 103                     | 103                   | 79                | 0.01           |
| Investment impairment charges                                 | —                            | —               | —               | —                       | 7                     | 6                 | 0.00           |
| Discrete tax items  | —                            | —               | —               | —                       | (7)                   | (328)             | (0.23)         |
| <b>Adjusted net income</b>                                    | <b>\$ 2,724</b>              | <b>\$ 3,474</b> | <b>\$ 1,052</b> | <b>\$ 2,503</b>         | <b>\$ 2,209</b>       | <b>\$ 2,060</b>   | <b>\$ 1.41</b> |

| <i>in millions, except per share data</i>                     | Year Ended December 31, 2017 |                 |               |                         |                       |                   |                |
|---|------------------------------|-----------------|---------------|-------------------------|-----------------------|-------------------|----------------|
|   | Cost of Products Sold        | SG&A Expenses   | R&D Expenses  | Operating Income (Loss) | Pre-Tax Income (Loss) | Net Income (Loss) | Impa per Shar  |
| <b>GAAP net income (loss)</b>                                 | <b>2,593</b>                 | <b>3,294</b>    | <b>997</b>    | <b>1,285</b>            | <b>933</b>            | <b>\$ 104</b>     | <b>\$ 0.01</b> |
| <b>Non-GAAP adjustments:</b>                                  |                              |                 |               |                         |                       |                   |                |
| Amortization expense  | —                            | —               | —             | 565                     | 565                   | 492               | 0.31           |
| Intangible asset impairment charges                           | —                            | —               | —             | 4                       | 4                     | 4                 | 0.00           |
| Acquisition-related net charges (credits)                     | (22)                         | (58)            | (23)          | 23                      | 34                    | 9                 | 0.00           |
| Restructuring and restructuring-related net charges (credits) | (45)                         | (13)            | —             | 95                      | 95                    | 75                | 0.01           |
| Litigation-related net charges (credits)                      | —                            | —               | —             | 285                     | 285                   | 172               | 0.11           |
| Investment impairment charges                                 | —                            | —               | —             | —                       | 56                    | 36                | 0.00           |
| Discrete tax items  | —                            | —               | —             | —                       | —                     | 861               | 0.61           |
| <b>Adjusted net income</b>                                    | <b>\$ 2,525</b>              | <b>\$ 3,222</b> | <b>\$ 974</b> | <b>\$ 2,258</b>         | <b>\$ 1,972</b>       | <b>\$ 1,752</b>   | <b>\$ 1.21</b> |

An explanation of the company's use of these non-GAAP financial measures is provided at the end of this document.

**BOSTON SCIENTIFIC CORPORATION**

ESTIMATED REVENUE NON-GAAP GROWTH RATES AND NON-GAAP NET INCOME PER SHARE RECONCILIATIONS  
(Unaudited)

**Q1 and Full Year 2019 Estimated Revenue Growth Rates**

|   | Q1 2019 Estimate |           | Full Year 2019 Estimate |             |
|---|------------------|-----------|-------------------------|-------------|
|   | (Low)            | (High)    | (Low)                   | (High)      |
| <b>Estimated GAAP sales growth</b>  | 6%               | 7%        | 7%                      | 9%          |
| Less: Estimated impact of foreign currency fluctuations and the aforementioned acquisitions | (1)%             | (1)%      | —%                      | 0.5%        |
| <b>Estimated sales growth, organic*</b>   | <b>7%</b>        | <b>8%</b> | <b>7%</b>               | <b>8.5%</b> |

\*Q1 2019 Estimate excludes contribution of approximately 160 basis points from the aforementioned acquisitions, each with no prior year comparable sales. Full Year 2019 Estimate excludes contribution of approximately 110 basis points from the aforementioned acquisitions, each with no prior year comparable sales.

**Q1 and Full Year 2019 Earnings per Share Guidance**

|   | Q1 2019 Estimate |                | Full Year 2019 Estimate |                |
|---|------------------|----------------|-------------------------|----------------|
|   | (Low)            | (High)         | (Low)                   | (High)         |
| <b>GAAP results</b>   | <b>\$ 0.32</b>   | <b>\$ 0.33</b> | <b>\$ 1.13</b>          | <b>\$ 1.18</b> |
| Estimated amortization expense  | 0.10             | 0.10           | 0.40                    | 0.40           |
| Estimated acquisition-related net charges (credits)                     | 0.02             | 0.02           | 0.05                    | 0.05           |
| Estimated restructuring and restructuring-related net charges (credits) | 0.01             | 0.01           | 0.05                    | 0.05           |
| Estimated litigation-related net charges (credits)                      | (0.10)           | (0.10)         | (0.10)                  | (0.10)         |
| <b>Adjusted results</b>   | <b>\$ 0.35</b>   | <b>\$ 0.36</b> | <b>\$ 1.53</b>          | <b>\$ 1.58</b> |

**Prior Guidance Estimate - Q4 2018 Earnings per Share**

|   | Q4 2018 Estimate |                |
|---|------------------|----------------|
|   | (Low)            | (High)         |
| <b>GAAP results**</b>                               | <b>\$ 0.15</b>   | <b>\$ 0.17</b> |
| Estimated amortization expense                      | 0.10             | 0.10           |
| Estimated acquisition-related net charges (credits) | 0.03             | 0.03           |

|   |                |                |
|---|----------------|----------------|
| Estimated restructuring and restructuring-related net charges (credits) | 0.02           | 0.02           |
| <b>Adjusted results**</b>   | <b>\$ 0.30</b> | <b>\$ 0.32</b> |

\*\*Q4 2018 estimated GAAP and adjusted results included \$0.06 of reinvestment of the \$0.06 Q2 2018 benefit from the finalization of the IRS Stipulation of Settled Issues for tax years 2001 through 2010.

#### **Use of Non-GAAP Financial Measures**

To supplement our consolidated financial statements presented on a GAAP basis, we disclose certain non-GAAP financial measures, including adjusted net income (earnings) and adjusted net income (earnings) per share that exclude certain amounts, operational net sales, which exclude the impact of foreign currency fluctuations and organic net sales, which exclude the impact of foreign currency fluctuations and the impact of recent aforementioned acquisitions. These non-GAAP financial measures are not in accordance with generally accepted accounting principles in the United States and should not be considered in isolation from or as a replacement for the most directly comparable GAAP financial measures. Further, other companies may calculate these non-GAAP financial measures differently than we do, which may limit the usefulness of those measures for comparative purposes.

To calculate adjusted net income (earnings) and adjusted net income (earnings) per share we exclude certain charges (credits) from GAAP net income, including amortization expense, intangible asset impairment charges, acquisition-related net charges (credits), restructuring and restructuring-related net charges (credits), litigation-related net charges (credits), certain investment impairment charges and certain discrete tax items. Amounts are tax effected at the Company's effective tax rate, unless the amount is a significant unusual or infrequently occurring item in accordance with FASB Accounting Standards Codification section 740-270-30, "General Methodology and Use of Estimated Annual Effective Tax Rate." Please refer to Part II, Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations in our most recent Annual Report filed on Form 10-K with the Securities and Exchange Commission for an explanation of each of these adjustments and the reasons for excluding each item. The following is an explanation of each incremental or revised adjustment type that management excluded as part of these non-GAAP financial measures, since our most recent Annual Report on Form 10-K, as well as the reason for excluding each individual item. In each case, management has excluded the item for purposes of calculating the relevant non-GAAP financial measure to facilitate an evaluation of our current operating performance and a comparison to our past operating performance:

- Discrete tax items - These items represent adjustments of certain tax positions including those which a) are related to the finalization of the enactment date impact of the TCJA, and, or b) were a benefit resulting from the finalization of the IRS Stipulation of Settled Issues consistent with the manner in which the tax reserves were originally booked. These adjustments are not indicative of expected ongoing operating results. Discrete tax items are excluded from management's assessment of operating performance and from our operating segments' measures of profit and loss used for making operating decisions and assessing performance.

The GAAP financial measures most directly comparable to adjusted net income and adjusted net income per share are GAAP net income and GAAP net income per share.

To calculate operational net sales, which exclude the impact of foreign currency fluctuations, we convert actual net sales from local currency to U.S. dollars using constant foreign currency exchange rates in the current and prior period. To calculate organic net sales, we remove the impact of recent aforementioned acquisitions with no prior period related net sales from operational net sales. The GAAP financial measure most directly comparable to operational net sales and organic net sales is net sales on a GAAP basis.

Reconciliations of each of these non-GAAP financial measures to the corresponding GAAP financial measure are included in the accompanying schedules.

Management uses these supplemental non-GAAP financial measures to evaluate performance period over period, to analyze the underlying trends in our business, to assess our performance relative to our competitors and to establish operational goals and forecasts that are used in allocating resources. In addition, management uses these non-GAAP financial measures to further its understanding of the performance of our operating segments. With the exception of the impact of the recent aforementioned acquisitions, the adjustments excluded from our non-GAAP financial measures are consistent with those excluded from our operating segments' measures of net sales and profit or loss. These adjustments are excluded from the segment measures reported to our chief operating decision maker that are used to make operating decisions and assess performance.

We believe that presenting adjusted net income and adjusted net income per share, operational net sales and organic net sales, in addition to the corresponding GAAP financial measures, provides investors greater transparency to the information used by management for its operational decision-making and allows investors to see our results "through the eyes" of management. We further believe that providing this information assists our investors in understanding our operating performance and the methodology used by management to evaluate and measure such performance.

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 [Boston Scientific Announces Results For Fourth Quarter And Full Year 2018](#)  
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