# **Boston Scientific Announces Results For First Quarter 2017**

MARLBOROUGH, Mass., April 27, 2017 /PRNewswire/ -- Boston Scientific Corporation (NYSE: BSX) generated sales of \$2.160 billion during the first quarter ended March 31, 2017. This represents growth of 10 percent compared to the prior year period on a reported and operational basis (calculated on a constant currency basis). The company reported GAAP earnings of \$290 million or \$0.21 per share (EPS), compared to GAAP earnings of \$202 million or \$0.15 a year ago and achieved adjusted earnings per share of \$0.29 for the period, compared to \$0.28 a year ago.

"We are pleased with our performance in the first quarter as we delivered excellent growth across our various businesses and geographies," said Mike Mahoney, chairman and chief executive officer, Boston Scientific. "At the same time, we are investing in innovation that will strengthen our category leadership strategy while aiming to deliver sustainable double digit adjusted earnings per share growth."

#### First quarter financial results and recent developments:

- Reported first quarter sales of \$2.160 billion, compared to the company's guidance range for the quarter of \$2.050 to \$2.100 billion, representing an increase of 10 percent on a reported and operational basis, all compared to the prior year period.
- Grew organic revenue 9 percent in the first quarter over the prior year period. Organic revenue growth excludes the impact of changes in foreign currency exchange rates and sales from the acquisition of EndoChoice Holdings, Inc. (EndoChoice).
- Reported GAAP earnings of \$0.21 per share compared to the company's guidance range of \$0.18 to \$0.21 per share and delivered adjusted earnings per share of \$0.29 compared to the guidance range of \$0.29 to \$0.31 per share. These results include charges associated with the February voluntary removal of Lotus™ Valve devices¹ from global commercial and clinical sites.
- · Achieved first quarter revenue growth in all segments, all compared to the prior year period:
  - MedSurg: 15 percent reported and operational, 12 percent organic
  - Cardiovascular: 8 percent reported, operational and organic
  - Rhythm Management: 7 percent reported, 8 percent operational and organic
- Delivered strong regional revenue growth, all compared to the prior year period:
  - U.S.: 13 percent reported and operational, 11 percent organic
  - Europe: 2 percent reported, 7 percent operational and organic
  - · AMEA (Asia-Pacific, Middle East and Africa): 9 percent reported, 8 percent operational and organic
  - Emerging markets: 2 12 percent reported, operational and organic
- Entered into a definitive agreement to acquire Symetis SA, a privately-held Swiss structural heart company focused on minimally-invasive transcatheter aortic valve implantation (TAVI) devices, for \$435 million in cash, to provide interventional cardiologists and cardiac surgeons with multiple TAVI offerings for varying patient pathologies and anatomy.
- Announced that the National Institute for Health and Care Excellence (NICE) recommended the use of Boston Scientific cardiac resynchronization therapy defibrillators (CRT-D) with <a href="EnduraLife™ Battery Technology">EnduraLife™ Battery Technology</a> for treating patients with heart failure and noted the extended battery life was likely to reduce the number of avoidable replacement procedures and could offer £6 million in savings to the National Health System of England in the first five years.
- Received CE Mark for and launched the RESONATE™ family of CRT-Ds³ in Europe, which provides physicians with new devices for treating heart failure patients featuring <u>SmartCRT™ technology</u> and EnduraLife Battery Technology.
- Presented results from the EVOLVE II three-year clinical trial at the American College of Cardiology Annual Scientific Sessions highlighting the excellent safety performance of the <u>SYNERGY™ Bioabsorbable Polymer Stent</u>, notably an exceptionally low stent thrombosis (ST) rate (0.2%) beyond the first 24 hours of device implantation until three years after the procedure.
- Completed enrollment of 465 patients in IMPERIAL, a head-to-head trial comparing the <u>Eluvia™ Drug-Eluting Vascular Stent</u><sup>4</sup> to the Zilver™ PTX Drug-Coated Stent (Cook Medical); data will be used to support regulatory submission in the U.S.
- Achieved two clinical milestones for the Ranger<sup>TM</sup> Paclitaxel-Coated PTA Balloon Catheter.<sup>4</sup> presented 12-month results at the Charing
  Cross Symposium that demonstrated a high rate of primary patency and freedom from target lesion revascularization and commenced
  enrollment of the RANGER II SFA study, which is designed to support regulatory submissions in the U.S. and Japan.
- Began patient enrollment in two clinical trials examining the <u>WATCHMAN™ Left Atrial Appendage Closure (LAAC) Device</u>: ASAP TOO, a study evaluating the use of the device in warfarin-ineligible patients, which could lead to expanded labeling in the U.S. and SALUTE, a trial specifically designed to pursue regulatory approval in Japan.

- 1. The Lotus Valve devices are currently not available for use or sale.
- 2. 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.
- CE Marked. The Resonate family of CRT-Ds is not available for use or sale in the U.S.
- 4. The Eluvia Drug-Eluting Vascular Stent and Ranger Paclitaxel-Coated PTA Balloon are CE Marked. In the U.S., they are investigational devices, limited by U.S. law to investigational use only and not available for sale.

#### Net sales for the first quarter:

						CI	nange			
	Three Mo Ma	onths		A	s orted	Less:	Impact	of	Cons	stant encv
in millions	2017		2016	Ва	sis	 oreigi	n Curre	ncy	Ва	sis
Interventional Cardiology	\$ 590	\$	548	8	%	\$ (3)	0	%	8	%
Peripheral Interventions	261		242	7	%	ÌÍ	0	%	7	%
Cardiovascular	851		790	8	%	(2)	0	%	8	%
Cardiac Rhythm Management	463		433	7	%	(2)	(1)	%	8	%
Electrophysiology	64		59	8	%	0	(1)	%	9	%
Rhythm Management	527		492	7	%	(2)	(1)	%	8	%
Endoscopy	379		333	14	%	(2)	0	%	14	%
Urology and Pelvic Health	262		228	15	%	(1)	0	%	15	%
Neuromodulation	141		121	17	%	0	0	%	17	%
MedSurg	782		682	15	%	(3)	0	%	15	%
Net Sales	\$ 2,160	\$	1,964	10	%	\$ (7)	0	%	10	%

<sup>\*</sup>Endoscopy grew 9% on an organic basis.

Growth rates are based on actual, non-rounded amounts and may not recalculate precisely.

Sales growth rates that exclude the impact of changes in foreign currency exchange rates and/or the impact of recent acquisitions with significant sales are not prepared in accordance with U.S. GAAP. An explanation of the company's use of these non-GAAP financial measures is included in the exhibits attached to this news release.

# **Guidance for Full Year and Second Quarter 2017**

The company now estimates revenue for the full year 2017 to be in a range o\$8.800 to \$8.900 billion (compared to prior guidance of\$8.675 to \$8.875 billion), which versus the prior year period, represents a growth range of approximately 5 to 6 percent on a reported basis and a growth range of approximately 6 to 7 percent on an operational basis including contribution of approximately 70 basis points from EndoChoice. The company now estimates income on a GAAP basis in a range of \$0.81 to \$0.86 per share (compared to prior guidance of \$0.86 to \$0.91 per share) and continues to estimate adjusted earnings, excluding acquisition-related net charges, restructuring and restructuring-related net charges, and amortization expense, in a range of \$1.22 to \$1.26 per share.

The company estimates sales for the second quarter of 2017 to be in a range o\\$2.185 to \\$2.215 billion, which versus the prior year period represents a growth range of approximately 3 to 4 percent on a reported basis and a growth range of approximately 5 to 6 percent on an operational basis including contribution of approximately 70 basis points from EndoChoice. The company estimates earnings on a GAAP basis in a range of \\$0.18 to \\$0.21 per share. Adjusted earnings, excluding acquisition-related net charges, restructuring and restructuring-related net charges and amortization expense, are estimated in a range of \\$0.30 to \\$0.32 per share.

#### **Conference Call Information**

Boston Scientific management will be discussing these results with analysts on a conference call today a8:00 a.m. (ET). The company will webcast the call to interested parties through its website: <a href="https://www.bostonscientific.com">www.bostonscientific.com</a>. 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 <a href="https://www.bostonscientific.com">www.bostonscientific.com</a> and connect on <a href="https://www.bostonscientific.com">Twitter</a> and <a href="https://www.bostonscientific.com">For more information</a>, visit <a href="https://www.bostonscientific.com">www.bostonscientific.com</a> and connect on <a href="https://www.bostonscientific.com">Twitter</a> and <a href="https://www.bostonscientific.com">For more information</a>, visit <a href="https://www.bostonscientific.com">www.bostonscientific.com</a> and connect on <a href="https://www.bostonscientific.com">Twitter</a> and <a href="https://www.bostonscientific.com">For more information</a>, visit <a href="https://www.bostonscientific.com">www.bostonscientific.com</a> and connect on <a href="https://www.bostonscientific.com">Twitter</a> and <a href="https://www.bostonscientific.com">For more information</a>, visit <a href="https://www.bostonscientific.com">www.bostonscientific.com</a> and connect on <a href="https://www.bostonscientific.com">www.bostonscientific.com</a> and <a href="https://www.bostonscientific.com">www.bostonscientific.com</a> and <a href="https://www.bostonscien

# **Cautionary Statement Regarding Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements may be identified by words like "anticipate," "expect," "project," "believe," "plan," "estimate," "intend," "aiming" and similar words. These forward-looking statements are based on our beliefs, assumptions and estimates using information available to us at the time and are not intended to be guarantees of future events or performance. These forward-looking statements are based on our beliefs, assumptions and estimates using information available to us at the time and are not intended to be guarantees of future events or performance.

looking statements include, among other things, statements regarding our expected net sales, GAAP, operational and organic revenue growth rates, GAAP earnings and adjusted earnings for the second quarter and full year 2017, our financial performance, our business plans and our positioning for revenue and earnings growth. If our underlying assumptions turn out to be incorrect, or if certain risks or uncertainties materialize, actual results could vary materially from the expectations and projections expressed or implied by our forward-looking statements. These risks and uncertainties, in some cases, have affected and in the future could affect our ability to implement our business strategy and may cause actual results to differ materially from those contemplated by the statements expressed in this press release. As a result, readers are cautioned not to place undue reliance on any of our forward-looking statements.

Risks and uncertainties that may cause such differences include, among other things: future economic, political, competitive, reimbursement and regulatory conditions, new product introductions and the market acceptance of those products, markets for our products, expected pricing environment, expected procedural volumes, the closing and integration of acquisitions, clinical trial results, demographic trends, intellectual property rights, litigation, financial market conditions, the execution and effect of our restructuring program, the execution and effect of our business strategy, including our cost-savings and growth initiatives and future business decisions made by us and our competitors. New risks and uncertainties may arise from time to time and are difficult to predict. All of these factors are difficult or impossible to predict accurately and many of them are beyond our control. For a further list and description of these and other important risks and uncertainties that may affect our future operations, see Part I, Item IA - Risk Factors in our most recent Annual Report on Form 10-K filed with the Securities and Exchange Commission, which we may update in Part II, Item 1A - Risk Factors in Quarterly Reports on Form 10-Q we have filed or will file hereafter. We disclaim any intention or obligation to publicly update or revise any forward-looking statement to reflect any change in our expectations or in events, conditions, or circumstances on which those expectations may be based, or that may affect the likelihood that actual results will differ from those contained in the forward-looking statements. This cautionary statement is applicable to all forward-looking statements contained in this press release.

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

A reconciliation of the company's non-GAAP financial measures to the corresponding GAAP measures and an explanation of the company's use of these non-GAAP financial measures, is included in the exhibits attached to this news release.

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### **BOSTON SCIENTIFIC CORPORATION**

CONDENSED CONSOLIDATED GAAP RESULTS OF OPERATIONS (Unaudited)

	Three Months E March 31,				
in millions, except per share data		2017		2016	
Net sales Cost of products sold Gross profit	\$	2,160 650 1,510	\$	1,964 573 1,391	
Operating expenses: Selling, general and administrative expenses Research and development expenses Royalty expense Amortization expense Contingent consideration expense (benefit) Restructuring charges (credits) Litigation-related charges (credits)		794 235 17 143 (50) 4 3		716 210 19 136 4 3 10	
Operating income (loss)		364		293	

Other income (expense):					
Interest expense		(57)		(59)	
Other, net		(2)		(6)	
Income (loss) before income taxes		305		228	
Income tax expense (benefit)		15		26	
Net income (loss)	\$	290	\$	202	
Net income (loss) per common share - basic Net income (loss) per common share - assuming	\$	0.21	\$	0.15	
dilution	\$	0.21	\$	0.15	
Weighted-average shares outstanding					
Basic	1	,365.4	1	,350.4	
Assuming dilution	1	,390.2	1	,369.9	

# **BOSTON SCIENTIFIC CORPORATION**CONDENSED CONSOLIDATED BALANCE SHEETS

March 31,   31,   2016		As	s of
Massets			December
ASSETS Current assets: Cash and cash equivalents Trade accounts receivable, net 1,429 1,472 1,755 1,75		March 31,	31,
ASSETS   Current assets:   Cash and cash equivalents   \$ 156   \$ 196   Trade accounts receivable, net   1,429   1,472   Inventories   971   955   Deferred and prepaid income taxes   65   75   75   Other current assets   405   541   Total current assets   5,743   5,883   Total current assets   5,743   5,883   Total current assets   666   Total current assets   842   666   Total current assets   842   666   Total current liabilities:   406   Total current liabilities:   407   447   467   447   467   447   467   447   467   447   467   447   467   447   467   447   467	in millions, except share data	2017	2016
ASSETS   Current assets:   Cash and cash equivalents   \$ 156   \$ 196   Trade accounts receivable, net   1,429   1,472   Inventories   971   955   Deferred and prepaid income taxes   65   75   75   Other current assets   405   541   Total current assets   5,743   5,883   Total current assets   5,743   5,883   Total current assets   666   Total current assets   842   666   Total current assets   842   666   Total current liabilities:   406   Total current liabilities:   407   447   467   447   467   447   467   447   467   447   467   447   467   447   467   447   467	· '	(Unaudited)	
Cash and cash equivalents         \$ 156         \$ 196           Trade accounts receivable, net         1,429         1,472           Inventories         971         955           Deferred and prepaid income taxes         65         75           Other current assets         405         541           Total current assets         405         541           Total current assets         3,026         3,239           Property, plant and equipment, net         1,652         1,630           Goodwill         6,680         6,678           Other intangible assets, net         5,743         5,883           Other long-term assets         842         666           TOTAL ASSETS         \$ 17,943         \$ 18,096           LIABILITIES AND STOCKHOLDERS' EQUITY           Current liabilities:           Current debt obligations         \$ 5         \$ 64           Accounts payable         376         447           Accounts payable         376         447           Accounts payable         3,490         3,587           Long-term debt         5,509         5,420           Deferred income taxes         19         18           Other long-ter	ASSETS	( = ==== ,	
Trade accounts receivable, net   1,429   1,472   Inventories   971   955   Deferred and prepaid income taxes   65   75   75   75   75   75   75   75	Current assets:		
Trade accounts receivable, net   1,429   1,472   Inventories   971   955   955   056   755   056   755   056   056   0575   056	Cash and cash equivalents	¢ 156	¢ 106
Inventories   971   955   Deferred and prepaid income taxes   65   75   75   75   75   75   75   75	Trade accounts receivable, net		•
Deferred and prepaid income taxes			,
Other current assets         405         541           Total current assets         3,026         3,239           Property, plant and equipment, net Goodwill         1,652         1,630           Goodwill         6,880         6,678           Other intangible assets, net Other intangible assets, net Other long-term assets         842         666           TOTAL ASSETS         \$17,943         \$18,096           LIABILITIES AND STOCKHOLDERS' EQUITY           Current liabilities:           Current debt obligations         \$5         \$64           Accounts payable         376         447           Accounts payable         376         447           Accounts payable         311         764           Total current liabilities         811         764           Total current liabilities         3,490         3,587           Long-term debt         5,509         5,420           Deferred income taxes         19         18           Other long-term liabilities         1,872         2,338           Commitments and contingencies         Stockholders' equity         Fereferred stock, \$0.01 par value - authorized 50,000,000 shares, none issued and outstanding         16         16           Common stock, \$0.01 par value - a		-	
Property, plant and equipment, net			-
Property, plant and equipment, net   1,652   1,630   6,678   Codowill   6,680   Codowill   6,880   C			-
Condition	Total dallotti docoto	0,020	0,200
Condition	Property, plant and equipment, net	1.652	1.630
Other long-term assets         842         666           TOTAL ASSETS         \$ 17,943         18,096           LIABILITIES AND STOCKHOLDERS' EQUITY           Current liabilities:           Current debt obligations         \$ 5         64           Accounts payable         376         447           Accrued expenses         2,298         2,312           Other current liabilities         811         764           Total current liabilities         3,490         3,587           Long-term debt         5,509         5,420           Deferred income taxes         19         18           Other long-term liabilities         1,872         2,338           Commitments and contingencies         Stockholders' equity           Preferred stock, \$0.01 par value - authorized 50,000,000 shares, none issued and outstanding         Stockholders' equity           Preferred stock, \$0.01 par value - authorized 2,000,000,000 shares         -           - issued 1,616,648,758 shares as of March 31, 2017 and         1,609,670,817 shares as of December 31, 2016         16         16           Treasury stock, at cost - 247,566,270 shares as of March 31, 2017 and December 31, 2016         (1,717)         (1,717)         (1,717)           Additional paid-in capital         17,015         17,		,	,
Other long-term assets         842         666           TOTAL ASSETS         \$ 17,943         18,096           LIABILITIES AND STOCKHOLDERS' EQUITY           Current liabilities:           Current debt obligations         \$ 5         64           Accounts payable         376         447           Accrued expenses         2,298         2,312           Other current liabilities         811         764           Total current liabilities         3,490         3,587           Long-term debt         5,509         5,420           Deferred income taxes         19         18           Other long-term liabilities         1,872         2,338           Commitments and contingencies         Stockholders' equity           Preferred stock, \$0.01 par value - authorized 50,000,000 shares, none issued and outstanding         Stockholders' equity           Preferred stock, \$0.01 par value - authorized 2,000,000,000 shares         -           - issued 1,616,648,758 shares as of March 31, 2017 and         1,609,670,817 shares as of December 31, 2016         16         16           Treasury stock, at cost - 247,566,270 shares as of March 31, 2017 and December 31, 2016         (1,717)         (1,717)         (1,717)           Additional paid-in capital         17,015         17,	Other intangible assets, net	5,743	5,883
LIABILITIES AND STOCKHOLDERS' EQUITY           Current liabilities:         \$ 5 \$ 64           Current debt obligations         \$ 5 \$ 64           Accounts payable         376 447           Accrued expenses         2,298 2,312           Other current liabilities         811 764           Total current liabilities         3,490 3,587           Long-term debt         5,509 5,420           Deferred income taxes         19 18           Other long-term liabilities         1,872 2,338           Commitments and contingencies           Stockholders' equity           Preferred stock, \$0.01 par value - authorized 50,000,000 shares, none issued and outstanding           Common stock, \$0.01 par value - authorized 2,000,000,000 shares           - issued 1,616,648,758 shares as of March 31, 2017 and 1,609,670,817 shares as of December 31, 2016         16 16           Treasury stock, at cost - 247,566,270 shares as of March 31, 2017 and December 31, 2016         (1,717) (1,717)           Additional paid-in capital         17,015 17,014           Accumulated deficit         (8,215) (8,581)		842	
Current liabilities:       Current debt obligations       \$ 5       \$ 64         Accounts payable       376       447         Accrued expenses       2,298       2,312         Other current liabilities       811       764         Total current liabilities       3,490       3,587         Long-term debt       5,509       5,420         Deferred income taxes       19       18         Other long-term liabilities       1,872       2,338         Commitments and contingencies         Stockholders' equity         Preferred stock, \$0.01 par value - authorized 50,000,000 shares, none issued and outstanding       5,509       5,420         Common stock, \$0.01 par value - authorized 50,000,000 shares       5,509       5,420         Issued 1,616,648,758 shares as of March 31, 2017 and 1,609,670,817 shares as of December 31, 2016       16       16         Treasury stock, at cost - 247,566,270 shares as of March 31, 2017 and December 31, 2016       (1,717)       (1,717)         Additional paid-in capital       17,015       17,014         Accumulated deficit       (8,215)       (8,581)	TOTAL ASSETS	\$ 17,943	\$ 18,096
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Other current liabilities         811         764           Total current liabilities         3,490         3,587           Long-term debt         5,509         5,420           Deferred income taxes         19         18           Other long-term liabilities         1,872         2,338           Commitments and contingencies         Stockholders' equity           Preferred stock, \$0.01 par value - authorized 50,000,000 shares, none issued and outstanding         Common stock, \$0.01 par value - authorized 2,000,000,000 shares           - issued 1,616,648,758 shares as of March 31, 2017 and 1,609,670,817 shares as of December 31, 2016         16         16           Treasury stock, at cost - 247,566,270 shares as of March 31, 2017 and December 31, 2016         (1,717)         (1,717)           Additional paid-in capital         17,015         17,014           Accumulated deficit         (8,215)         (8,581)		376	447
Total current liabilities 3,490 3,587  Long-term debt 5,509 5,420  Deferred income taxes 19 18  Other long-term liabilities 1,872 2,338  Commitments and contingencies  Stockholders' equity  Preferred stock, \$0.01 par value - authorized 50,000,000 shares, none issued and outstanding  Common stock, \$0.01 par value - authorized 2,000,000,000 shares  - issued 1,616,648,758 shares as of March 31, 2017 and 1,609,670,817 shares as of December 31, 2016 16  Treasury stock, at cost - 247,566,270 shares as of March 31, 2017 and December 31, 2016 (1,717) (1,717)  Additional paid-in capital 17,015 17,014  Accumulated deficit (8,215) (8,581)		,	,
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Deferred income taxes Other long-term liabilities 1,872 2,338  Commitments and contingencies  Stockholders' equity Preferred stock, \$0.01 par value - authorized 50,000,000 shares, none issued and outstanding Common stock, \$0.01 par value - authorized 2,000,000,000 shares  issued 1,616,648,758 shares as of March 31, 2017 and 1,609,670,817 shares as of December 31, 2016 16 Treasury stock, at cost - 247,566,270 shares as of March 31, 2017 and December 31, 2016 (1,717) Additional paid-in capital Accumulated deficit (8,215) (8,581)	Total current liabilities	3,490	3,587
Deferred income taxes Other long-term liabilities 1,872 2,338  Commitments and contingencies  Stockholders' equity Preferred stock, \$0.01 par value - authorized 50,000,000 shares, none issued and outstanding Common stock, \$0.01 par value - authorized 2,000,000,000 shares  issued 1,616,648,758 shares as of March 31, 2017 and 1,609,670,817 shares as of December 31, 2016 16 Treasury stock, at cost - 247,566,270 shares as of March 31, 2017 and December 31, 2016 (1,717) Additional paid-in capital Accumulated deficit (8,215) (8,581)	Long-term debt	5 509	5 420
Other long-term liabilities 1,872 2,338  Commitments and contingencies  Stockholders' equity Preferred stock, \$0.01 par value - authorized 50,000,000 shares, none issued and outstanding Common stock, \$0.01 par value - authorized 2,000,000,000 shares  issued 1,616,648,758 shares as of March 31, 2017 and 1,609,670,817 shares as of December 31, 2016 16 16  Treasury stock, at cost - 247,566,270 shares as of March 31, 2017 and December 31, 2016 (1,717) Additional paid-in capital 17,015 17,014 Accumulated deficit (8,215) (8,581)	<u> </u>		,
Commitments and contingencies  Stockholders' equity Preferred stock, \$0.01 par value - authorized 50,000,000 shares, none issued and outstanding Common stock, \$0.01 par value - authorized 2,000,000,000 shares  issued 1,616,648,758 shares as of March 31, 2017 and 1,609,670,817 shares as of December 31, 2016  Treasury stock, at cost - 247,566,270 shares as of March 31, 2017 and December 31, 2016  Additional paid-in capital Accumulated deficit  (8,215)			_
Stockholders' equity Preferred stock, \$0.01 par value - authorized 50,000,000 shares, none issued and outstanding Common stock, \$0.01 par value - authorized 2,000,000,000 shares  issued 1,616,648,758 shares as of March 31, 2017 and 1,609,670,817 shares as of December 31, 2016  Treasury stock, at cost - 247,566,270 shares as of March 31, 2017 and December 31, 2016  (1,717) Additional paid-in capital Accumulated deficit  (8,215)		, -	,
Preferred stock, \$0.01 par value - authorized 50,000,000 shares, none issued and outstanding  Common stock, \$0.01 par value - authorized 2,000,000,000 shares  - issued 1,616,648,758 shares as of March 31, 2017 and 1,609,670,817 shares as of December 31, 2016 16  Treasury stock, at cost - 247,566,270 shares as of March 31, 2017 and December 31, 2016 (1,717) Additional paid-in capital 17,015 17,014  Accumulated deficit (8,215) (8,581)	Commitments and contingencies		
Preferred stock, \$0.01 par value - authorized 50,000,000 shares, none issued and outstanding  Common stock, \$0.01 par value - authorized 2,000,000,000 shares  - issued 1,616,648,758 shares as of March 31, 2017 and 1,609,670,817 shares as of December 31, 2016 16  Treasury stock, at cost - 247,566,270 shares as of March 31, 2017 and December 31, 2016 (1,717) Additional paid-in capital 17,015 17,014  Accumulated deficit (8,215) (8,581)	Stockholders' equity		
none issued and outstanding Common stock, \$0.01 par value - authorized 2,000,000,000 shares  issued 1,616,648,758 shares as of March 31, 2017 and 1,609,670,817 shares as of December 31, 2016  Treasury stock, at cost - 247,566,270 shares as of March 31, 2017 and December 31, 2016  Additional paid-in capital  Accumulated deficit  (8,215)			
Common stock, \$0.01 par value - authorized 2,000,000,000 shares  issued 1,616,648,758 shares as of March 31, 2017 and 1,609,670,817 shares as of December 31, 2016  Treasury stock, at cost - 247,566,270 shares as of March 31, 2017 and December 31, 2016  Additional paid-in capital  Accumulated deficit  (1,717) (1,717) (1,717) (1,717) (1,717) (1,717) (1,717) (1,718) (1,719) (1,719) (1,719) (1,719) (1,719) (1,719) (1,719) (1,717) (1,717) (1,717) (1,717) (1,717) (1,718) (1,719) (1,719) (1,717)			
issued 1,616,648,758 shares as of March 31, 2017 and 1,609,670,817 shares as of December 31, 2016 16  Treasury stock, at cost - 247,566,270 shares as of March 31, 2017 and December 31, 2016 (1,717) (1,717)  Additional paid-in capital 17,015 17,014  Accumulated deficit (8,215) (8,581)			
1,609,670,817 shares as of December 31, 2016       16       16         Treasury stock, at cost - 247,566,270 shares as of March 31, 2017       (1,717)       (1,717)         and December 31, 2016       (1,717)       (1,717)         Additional paid-in capital       17,015       17,014         Accumulated deficit       (8,215)       (8,581)	-		
1,609,670,817 shares as of December 31, 2016       16       16         Treasury stock, at cost - 247,566,270 shares as of March 31, 2017       (1,717)       (1,717)         and December 31, 2016       (1,717)       (1,717)         Additional paid-in capital       17,015       17,014         Accumulated deficit       (8,215)       (8,581)	issued 1,616,648,758 shares as of March 31, 2017 and		
and December 31, 2016       (1,717)       (1,717)         Additional paid-in capital       17,015       17,014         Accumulated deficit       (8,215)       (8,581)	1,609,670,817 shares as of December 31, 2016	16	16
Additional paid-in capital 17,015 17,014 Accumulated deficit (8,215) (8,581)			
Accumulated deficit (8,215) (8,581)			
	Additional paid-in capital		
Accumulated other comprehensive income (loss), net of tax (46)			* ' '
	Accumulated other comprehensive income (loss), net of tax	(46)	1

7,053 6,733 **\$ 17,943 \$ 18,096** 

#### **BOSTON SCIENTIFIC CORPORATION**

NON-GAAP NET INCOME AND NET INCOME PER COMMON SHARE RECONCILIATIONS (Unaudited)

Three Months Ended March 31, 2017	
	7

in millions, except per share data	Pre-Tax	Tax Impact (a)	After-Tax	Impact per Share
GAAP net income (loss)	\$ 305	\$ (15)	\$ 290	\$ 0.21
Non-GAAP adjustments:				
Acquisition-related net credits (b)	(33)	1	(32)	(0.02)
Restructuring and restructuring-related net charges (c)	19	(4)	15	0.01
Litigation-related net charges	3	(1)	2	0.00
Amortization expense	143	(21)	122	0.09
Adjusted net income	\$ 437	\$ (40)	\$ 397	\$ 0.29

# Three Months Ended March 31, 2016

in millions, except per share data	Tax Pre-Tax Impact (a) After-Tax \$ 228 \$ (26) \$ 202		Impact per Share \$ 0.15	
GAAP net income (loss)	<b>Ф 220</b>	<b>Ф</b> (20)	<b>\$ 202</b>	\$ U.15
Non-GAAP adjustments:				
Acquisition-related net charges (d)	42	2	44	0.03
Restructuring and restructuring-related net charges (e)	13	(4)	9	0.01
Litigation-related net charges	10	(4)	6	0.00
Amortization expense	136	(19)	117	0.09
Adjusted net income	\$ 429	\$ (51)	\$ 378	\$ 0.28

- (a) 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."
- (b) In the first quarter of 2017, pre-tax acquisition-related net credits were \$33 million, of which \$3 million of expense was recorded in cost of products sold, \$11 million of expense of was recorded in selling, general and administrative expenses, \$3 million of expense was recorded to research and development expenses and \$50 million was recorded as a benefit to contingent consideration.
- (c) In the first quarter of 2017, pre-tax restructuring charges were \$4 million and pre-tax restructuring-related charges were \$15 million, of which \$12 million was recorded in cost of products sold and \$3 million was recorded in selling, general and administrative expenses.
- (d) In the first quarter of 2016, pre-tax acquisition-related net charges were \$42 million, of which \$24 million was recorded in cost of products sold, \$14 million was recorded in selling, general and administrative expenses and \$4 million was recorded as contingent consideration expense.
- (e) In the first quarter of 2016, pre-tax restructuring charges were \$3 million and pre-tax restructuring-related charges were \$10 million, of which \$6 million was recorded in cost of products sold and \$4 million was recorded in selling, general and administrative expenses.

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

# **BOSTON SCIENTIFIC CORPORATION**

SEGMENT INFORMATION (Unaudited)

**Three Months Ended SEGMENT NET SALES\*** March 31, 2017 in millions 2016 Change (restated) Interventional Cardiology 605 560 % Peripheral Interventions 266 248 7 %

Cardiovascular	871	808	8	%
Cardiac Rhythm Management	471	439	8	%
Electrophysiology	65	60	9	%
Rhythm Management	536	499	8	%
Endoscopy	387	339	14	%
Urology and Pelvic Health	265	230	15	%
Neuromodulation	142	122	17	%
MedSurg	794	691	15	%
<b>Subtotal Core Businesses</b>	2,201	1,998	10	%
Foreign currency	(41)	(34)	N/A	
Net Sales	\$ 2,160	\$ 1,964	10	%

Growth rates are based on actual, non-rounded amounts and may not recalculate precisely.

SEGMENT OPERATING INCOME*		March 31,			
in millions		2017		2016	
			(r	estated)	
Segment operating income					
Cardiovascular	\$	245	\$	254	
Rhythm Management		101		67	
MedSurg		238		214	
Operating income allocated to reportable segments		584		535	
Corporate expenses and currency exchange		(88)		(41)	
Acquisition-related, restructuring- and restructuring-related, and litigation-related net credits (charges)		`11 <sup>′</sup>		(65)	
Amortization expense		(143)		(136)	
Operating income (loss)	\$	364	\$	293	

Three Months Ended

\*We measure and evaluate our reportable segments based on segment net sales and operating income, excluding the impact of changes in foreign currency. Sales generated from reportable segments, as well as operating results of reportable segments and corporate expenses, are based on internally-derived standard currency exchange rates, which may differ from year to year and do not include intersegment profits. We exclude from segment operating income certain corporate-related expenses and certain transactions or adjustments that our chief operating decision maker considers to be non-operational, such as amounts related to acquisition-related net charges and credits, restructuring- and restructuring-related net charges and credits, litigation-related net charges and credits, and amortization expense. Although we exclude these amounts from segment operating income, they are included in reported consolidated operating income (loss) and are included in the reconciliation above.

The company restated segment information for the prior period based on standard currency exchange rates used for the current period in order to remove the impact of foreign currency exchange fluctuation.

# **BOSTON SCIENTIFIC CORPORATION**

PRIOR YEAR RESTATED SEGMENT INFORMATION (Unaudited)

	Year Ended		
	, ,	December 31, 2016	December 31, 2016
(restate	ed) (restated)	(restated)	(restated)
\$ 58	0 \$ 565	\$ 596	\$ 2,301
26	0 256	260	1,024
84	0 821	856	3,325
47	6 465	479	1,859
6	0 60	65	245
	2016 (restate \$ 58 26 84 47	June 30, 2016     September 30, 2016       (restated)     (restated)       \$ 580 565 260     256       840 821     476	2016         2016         2016           (restated)         (restated)         (restated)           \$ 580         \$ 565         \$ 596           260         256         260           840         821         856           476         465         479

Rhythm Management	536	525	544	2,104
Endoscopy Urology and Pelvic Health Neuromodulation	361 255 135	365 247 138	387 277 162	1,452 1,009 557
MedSurg	751	750	826	3,018
Subtotal Core Businesses	2,127	2,096	2,226	8,447
Foreign currency	(1)	9	(35)	(61)
Net Sales	\$ 2,126	\$ 2,105	\$ 2,191	\$ 8,386

SEGMENT OPERATING INCOME*		Year Ended		
in millions	June 30, 2016	September 30, 2016	December 31, 2016	December 31, 2016
	(restated)	(restated)	(restated)	(restated)
Segment operating income				
Cardiovascular	\$ 249	\$ 247	\$ 207	\$ 958
Rhythm Management	73	90	81	311
MedSurg	234	234	252	934
Operating income allocated to reportable segments	556	571	540	2,203
Corporate expenses and currency exchange	(58)	(60)	(22)	(182)
Acquisition-related, restructuring- and restructuring-related,		, ,	, ,	,
and litigation-related net credits (charges)	(697)	(27)	(240)	(1.020)
A street	,	(27)	(240)	(1,029)
Amortization expense	(135)	(136)	(138)	(545)
Operating income (loss)	\$ (334)	\$ 348	\$ 140	\$ 447

<sup>\*</sup>We measure and evaluate our reportable segments based on segment net sales and operating income, excluding the impact of changes in foreign currency. Sales generated from reportable segments, as well as operating results of reportable segments and corporate expenses, are based on internally-derived standard currency exchange rates, which may differ from year to year and do not include intersegment profits. We exclude from segment operating income certain corporate-related expenses and certain transactions or adjustments that our chief operating decision maker considers to be non-operational, such as amounts related to acquisition-related net charges and credits, restructuring- and restructuring-related net charges and credits, litigation-related net charges and credits, and amortization expense. Although we exclude these amounts from segment operating income, they are included in reported consolidated operating income (loss) and are included in the reconciliation above.

The company restated segment information for the prior period based on standard currency exchange rates used for the current period in order to remove the impact of foreign currency exchange fluctuation.

# BOSTON SCIENTIFIC CORPORATION

CARDIAC RHYTHM MANAGEMENT (CRM) SALES BY COMPONENT (Unaudited)

# Three Months Ended March 31.

(in millions)	 2017	 2016
Defibrillator systems	\$ 315	\$ 311
Pacemaker systems	148	122
CRM products	\$ 463	\$ 433

# **BOSTON SCIENTIFIC CORPORATION**

SEGMENT, REGIONAL AND BUSINESS NET SALES (Unaudited)

# Q1 2017 Segment Net Sales as compared to Q1 2016

		Rhythm					
	MedSurg	Cardiovascular	Management	Total BSC			
Percentage change in net sales, as reported	15 %	8 %	7 %	10 %			
Less: Impact of foreign currency fluctuations	0 %	0 %	(1) %	0 %			
Percentage change in net sales, constant							
currency	15 %	8 %	8 %	10 %			
Less: Impact of EndoChoice acquisition	3 %	0 %	0 %	1 %			
Percentage change in net sales, organic	12 %	8 %	8 %	9 %			

# Q1 2017 Regional Net Sales as compared to Q1 2016

	U.S.		Eur	оре	ΑN	ΙEΑ	Emerging Markets		
Percentage change in net sales, as reported	13	%	2	%	9	%	12	%	
Less: Impact of foreign currency fluctuations	0	%	(5)	%	1	%	0	%	
Percentage change in net sales, constant									
currency	13	%	7	%	8	%	12	%	
Less: Impact of EndoChoice acquisition	2	%	0	%	0	%	0	%	
Percentage change in net sales, organic	11	%	7	%	8	%	12	%	

# Q1 2017 Endoscopy Net Sales as compared to Q1 2016

	Endos	scopy
Percentage change in net sales, as reported	14	%
Less: Impact of foreign currency fluctuations	0	%
Percentage change in net sales, constant		
currency	14	%
Less: Impact of EndoChoice acquisition	5	%
Percentage change in net sales, organic	9	%

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 COMMON SHARE RECONCILIATIONS (Unaudited)

# **Q2 and Full Year 2017 Estimated Revenue Growth Rates**

	Q2 2017 Estimate	Full Year 20	Full Year 2017 Estimate					
	(Low) (High)	(Low)	(High)					
Estimated GAAP sales growth	3 % 4 %	5 %	6 %					
Less: Estimated impact of foreign currency fluctuations	(2) % (2) %	% (1) %	(1) %					
Estimated sales growth, constant currency*	5 % 6 %	6 %	7 %					

<sup>\*</sup> Includes contribution of approximately 70 basis points from EndoChoice.

#### Q2 and Full Year 2017 EPS Guidance

	Q2 2017 Estimate			Full Year 2017 Estimate			Prior Full Year 2017 Estimate				
	(	Low)		(High)		(Low)		(High)	 (Low)		(High)
GAAP results	\$	0.18	\$	0.21	\$	0.81	\$	0.86	\$ 0.86	\$	0.91
Estimated acquisition-related net charges		0.02		0.02		0.02		0.02	0.05		0.04
Estimated restructuring and restructuring-related charges		0.02		0.01		0.05		0.04	0.03		0.03
Estimated amortization expense		0.08		0.08		0.34		0.34	0.28		0.28
Adjusted results	\$	0.30	\$	0.32	\$	1.22	\$	1.26	\$ 1.22	\$	1.26

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

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

To supplement our 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 and adjusted net sales that exclude the impact of changes in foreign currency exchange rates and/or the impact of recent acquisitions with significant sales. These non-GAAP financial measures are not in accordance with generally accepted accounting principles in the United States.

The GAAP financial measure most directly comparable to adjusted net income is GAAP net income and the GAAP financial measure most directly comparable to adjusted net income per share is GAAP net income per share. To calculate adjusted net sales that exclude the impact of changes in foreign currency exchange rates, we convert actual net sales from local currency to U.S. dollars using constant foreign currency exchange rates in the current and prior period. The GAAP financial measure most directly comparable to this constant currency growth rate and/or growth rates excluding the impacts of recent acquisitions with significant sales is growth rate percentages using 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 recent acquisitions with significant sales, 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 that are 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 that exclude certain amounts and adjusted net sales that exclude the impact of changes in foreign currency exchange rates and/or the impact of recent acquisitions with significant 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.

The following is an explanation of each of the adjustments that management excluded as part of these non-GAAP financial measures for the three months ended March 31, 2017 and 2016 and for the forecasted three month period ending June 30, 2017 and full year ending December 31, 2017, as well as reasons for excluding each of these individual items:

Adjusted Net Income and Adjusted Net Income per Share:

- Acquisition-related net charges (credits) These adjustments may consist of (a) contingent consideration fair value adjustments, (b) gains on previously held investments, (c) purchased and/or funded in-process research and development expenses incurred outside of a business combination and (d) due diligence, other fees, inventory step-up amortization and integration and exit costs. The contingent consideration adjustments represent accounting adjustments to state contingent consideration liabilities at their estimated fair value. These adjustments can be highly variable depending on the assessed likelihood and amount of future contingent consideration payments. Due diligence, other fees, inventory step-up amortization and integration and exit costs include legal, tax, severance and other expenses associated with prior and potential future acquisitions that can be highly variable and not representative of ongoing operations. Accordingly, management excluded these amounts for purposes of calculating these non-GAAP financial measures to facilitate an evaluation of our current operating performance and a comparison to our past operating performance.
- Restructuring and restructuring-related net charges (credits) These adjustments represent severance and other direct costs
  associated with our restructuring plans. These restructuring plans each consist of distinct initiatives that are fundamentally different from
  our ongoing, core cost reduction initiatives in terms of, among other things, the frequency with which each action is performed and the
  required planning, resourcing, cost and timing. Examples of such initiatives include the movement of business activities, facility
  consolidations and closures and the transfer of product lines between manufacturing facilities, which, due to the highly regulated nature
  of our industry, requires a significant investment in time and cost to create duplicate manufacturing lines, run product validations and

seek regulatory approvals. Restructuring initiatives generally take approximately two years to complete and have a distinct project timeline that begins subsequent to approval by our Board of Directors. In contrast to our ongoing cost reduction initiatives, restructuring initiatives typically result in duplicative cost and exit costs over this period of time, are one-time shut downs or transfers and are not considered part of our core, ongoing operations. Because these restructuring plans are incremental to the core activities that arise in the ordinary course of our business, management excluded these costs for purposes of calculating these non-GAAP financial measures to facilitate an evaluation of our current operating performance and a comparison to our past operating performance.

- <u>Litigation-related net charges (credits)</u> These adjustments include certain significant product liability and other litigation-related charges and credits. We record these charges and credits, which we consider to be unusual or infrequent and significant, within the litigation-related charges line in our consolidated statement of operations; all other legal and product liability charges, credits and costs are recorded within selling general and administrative expenses. These amounts are excluded by management in assessing our operating performance, as well as from our operating segments' measures of profit and loss used for making operating decisions and assessing performance. Accordingly, management excluded these amounts for purposes of calculating these non-GAAP financial measures to facilitate an evaluation of our current operating performance and a comparison to our past operating performance.
- Amortization expense We record intangible assets at historical cost and amortize them over their estimated useful lives. Amortization
  expense is excluded from management's assessment of operating performance and is also excluded from our operating segments'
  measures of profit and loss used for making operating decisions and assessing performance. Accordingly, management has excluded
  amortization expense for purposes of calculating these non-GAAP financial measures to facilitate an evaluation of our current operating
  performance and a comparison to our past operating performance.

Adjusted Net Sales Excluding the Impact of Changes in Foreign Currency Exchange Rates and/or the Impact of Recent Acquisitions with Significant Sales

• The impact of changes in foreign currency exchange rates is highly variable and difficult to predict. The impact of recent acquisitions with significant sales in the current period and no prior period equivalent may distort our presentation of organic growth. Accordingly, management excludes the impact of changes in foreign currency exchange rates and/or the impacts of recent acquisitions with significant sales for purposes of reviewing the net sales and growth rates to facilitate an evaluation of our current operating performance and a comparison to our past operating performance.

Adjusted net income and adjusted net income per share that exclude certain amounts and adjusted net sales that exclude the impact of changes in foreign currency exchange rates and/or the impacts of recent acquisitions with significant sales, are not in accordance with U.S. GAAP 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.

SOURCE Boston Scientific Corporation

https://news.bostonscientific.com/2017-04-27-Boston-Scientific-Announces-Results-For-First-Quarter-2017