Boston Scientific

Boston Scientific Announces Results for First Quarter 2022

MARLBOROUGH, Mass., April 27, 2022 /PRNewswire/ -- Boston Scientific Corporation (NYSE: BSX) generated net sales of $3.026 billion during the first quarter of 2022, growing 10.0 percent on a reported basis, 12.6 percent on an operational[1] basis and 9.7 percent on an organic[2] basis, all compared to the prior year period. The company reported GAAP net income available to common stockholders of $97 million or $0.07 per share (EPS), compared to $327 million or $0.23 per share a year ago, and achieved adjusted EPS of $0.39 for the period, compared to $0.37 a year ago.

"Our growth this quarter was fueled by strong execution from our global team, our innovative portfolio and improved procedure volume," said Mike Mahoney, chairman and chief executive officer, Boston Scientific. "We are pleased with our first quarter performance and outlook for the full year, despite the impact of macroeconomic headwinds, and we look forward to bringing meaningful innovation to customers and the patients we serve together."

First quarter financial results and recent developments:

- Reported net sales of $3.026 billion, representing an increase of 10.0 percent on a reported basis, compared to the company's guidance range of 5 to 8 percent; 12.6 percent on an operational basis; and 9.7 percent on an organic basis, compared to the company's guidance range of 5 to 8 percent, all compared to the prior year period.

- Reported GAAP net income available to common stockholders of $0.07 per share, compared to the company's guidance range of $0.16 to $0.20 per share, and achieved adjusted EPS of $0.39 per share, compared to the guidance range of $0.38 to $0.40 per share.

- Achieved net sales growth in each reportable segment[4], compared to the prior year period:
  - MedSurg: 9.1 percent reported, 11.1 percent operational and 8.0 percent organic
  - Cardiovascular: 11.4 percent reported, 14.5 percent operational and 10.8 percent organic

- Achieved the following regional[5] net sales growth, compared to the prior year period:
  - U.S.: 12.8 percent reported and operational
  - EMEA (Europe, Middle East and Africa): 3.3 percent reported and 12.0 percent operational
  - APAC (Asia-Pacific): 9.3 percent reported and 13.6 percent operational
  - Emerging Markets[3]: 22.8 percent reported and 28.7 percent operational

- Announced real-world data from the SURPASS 45-day analysis of more than 16,000 patients with the **WATCHMAN FLX™ Left Atrial Appendage Closure Device** from the National Cardiovascular Data (NCDR) Registry Left Atrial Appendage Occlusion (LAAO) Registry, as well as final one-year results from the FLXibility post-approval study with the device in Europe, both demonstrating low rates of adverse events and high rates of LAA closure in everyday clinical practice. Also received approval for the WATCHMAN FLX device in China by the National Medical Products Administration (NMPA) and will begin a limited market release in the coming months.

- Announced at the European Heart Rhythm Association (EHRA) annual meeting acute, real-world outcomes from the POLAR ICE study, which demonstrated that the **POLARx™ Cryoablation System** met safety and efficacy endpoints when used to perform pulmonary vein isolation (PVI) for the ablation treatment of atrial fibrillation. A low rate of procedure-related complications, a high rate of acute PVI, and short procedure and left-atrial dwell times was also observed.

- Received U.S. Food and Drug Administration (FDA) clearance for the **EMBOLD™ Fibered Coil**, a fully retractable coil indicated for arterial and venous embolization in the peripheral vasculature. The EMBOLD Fibered Coil enhances the existing Boston Scientific embolization portfolio.

- Received FDA investigational device exemption (IDE) to commence the FRONTIER study, a clinical trial assessing **TheraSphere™ Y-90 Glass Microspheres** as a treatment option for patients with recurrent glioblastoma, an aggressive type of cancer that can occur in the brain.

- Received FDA approval for next-generation Image Guided Programming Software for Deep Brain Stimulation Therapy. **Vercise™ Neural Navigator with STIMVIEW™ XT** enables clinicians to both visualize real-time lead placement and stimulation modeling of the brain anatomy in patients with Parkinson's disease or essential tremor.

- Received National Medical Products Administration (NMPA) approval in China for **Rezūm™ Water Vapor Therapy**. The Rezūm System is a minimally invasive treatment for benign prostatic hyperplasia (BPH), which affects up to 62 percent of men globally who have a prostate and are over 50 years of age.

- Received Health Canada approval for the first-of-its kind **LithoVue™ Elite Single-Use Digital Flexible Ureteroscope** with pressure monitoring and **StoneSmart™ Connect Console**. The LithoVue Elite System is designed to allow physicians to monitor intrarenal pressure during ureteroscopy procedures to make pressure-related decisions in real time.

- Completed in mid-February the acquisition of Baylis Medical Company Inc., a company that offers advanced transseptal access solutions as well as guidewires, sheaths and dilators used to support catheter-based left-heart procedures.

- Completed a public offering of €3 billion ($3.3 billion) aggregate principal amount of EUR-denominated Senior Notes, and tender offer and early redemption of $3.3 billion aggregate principal amount of certain outstanding USD-denominated Senior Notes.

1. Operational net sales growth excludes the impact of foreign currency fluctuations.
2. Organic net sales growth excludes the impact of foreign currency fluctuations and net sales attributable to acquisitions and divestitures for which there are less than a full period of comparable net sales.
3 We define Emerging Markets as the 20 countries that we believe have strong growth potential based on their economic conditions, healthcare sectors and our global capabilities.
4. In the first quarter of 2022, we reorganized our operational structure and have aggregated our core businesses, each of which generate revenues from the sale of medical devices (Medical Devices), into two reportable segments comprised of MedSurg and Cardiovascular. Within the Cardiovascular segment, the newly formed Cardiology division represents the combined former Rhythm Management and Interventional Cardiology businesses. We have revised prior period amounts to conform to the current year presentation.
5. On March 1, 2021, we completed the sale of the Specialty Pharmaceuticals business. Our consolidated net sales include Specialty Pharmaceuticals up to the date of the closing of the transaction. Specialty Pharmaceuticals net sales were substantially U.S. based and presented as a stand-alone operating segment alongside our Medical Device reportable segments.

Net sales for the first quarter by business and region:

(in millions)	Three Months Ended March 31,		Increase/(Decrease)				
	2022	2021	Reported Basis	Less: Impact of Foreign Currency Fluctuations	Operational Basis	Less: Impact of Recent Acquisitions / Divestitures	Organic Basis
Endoscopy	$ 531	$ 499	6.4 %	(2.4) %	8.8 %	— %	8.8 %
Urology and Pelvic Health	413	361	14.4 %	(1.6) %	16.1 %	9.1 %	6.9 %
Neuromodulation	209	198	5.8 %	(1.8) %	7.6 %	— %	7.6 %
MedSurg[4]	**1,153**	**1,058**	**9.1 %**	**(2.0) %**	**11.1 %**	**3.1 %**	**8.0 %**
Cardiology	1,407	1,248	12.7 %	(3.3) %	16.0 %	5.0 %	11.1 %
Peripheral Interventions	465	433	7.5 %	(2.6) %	10.1 %	— %	10.1 %
Cardiovascular[4]	**1,873**	**1,681**	**11.4 %**	**(3.1) %**	**14.5 %**	**3.7 %**	**10.8 %**
Medical Devices[4]	**3,026**	**2,739**	**10.5 %**	**(2.7) %**	**13.2 %**	**3.5 %**	**9.7 %**
Specialty Pharmaceuticals[5]	**—**	**13**	**(100.0) %**	**— %**	**(100.0) %**	**— %**	**(100.0) %**
Net Sales	**$ 3,026**	**$ 2,752**	**10.0 %**	**(2.7) %**	**12.6 %**	**2.9 %**	**9.7 %**

(in millions)	Three Months Ended March 31,		Increase/(Decrease)		
	2022	2021	Reported Basis	Less: Impact of Foreign Currency Fluctuations	Operational Basis
U.S.	$ 1,778	$ 1,577	12.8 %	— %	12.8 %
EMEA	624	604	3.3 %	(8.7) %	12.0 %
APAC	517	473	9.3 %	(4.4) %	13.6 %
Latin America and Canada	107	85	25.7 %	(0.6) %	26.3 %
Medical Devices[4]	**3,026**	**2,739**	**10.5 %**	**(2.7) %**	**13.2 %**
Specialty Pharmaceuticals[5]	**—**	**13**	**(100.0) %**	**— %**	**(100.0) %**
Net Sales	**$ 3,026**	**$ 2,752**	**10.0 %**	**(2.7) %**	**12.6 %**
Emerging Markets[3]	**$ 390**	**$ 317**	**22.8 %**	**(5.8) %**	**28.7 %**

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

Growth rates that exclude the impact of foreign currency fluctuations and/or the impact of acquisitions / divestitures are not prepared in accordance with U.S. GAAP.

Guidance for Full Year and Second Quarter 2022

The company now estimates net sales growth for the full year 2022, versus the prior year period, to be in a range of approximately 7 to 9 percent on a reported basis, and approximately 6.5 to 8.5 percent on an organic basis. Full year organic net sales guidance excludes the impact of foreign currency fluctuations and net sales attributable to acquisitions and divestitures for which there are less than a full period of comparable net sales. The company now estimates EPS on a GAAP basis in a range of $0.78 to $0.88 and estimates adjusted EPS, excluding certain charges (credits), of $1.74 to $1.79.

The company estimates net sales growth for the second quarter of 2022, versus the prior year period, to be in a range of approximately 3 to 6 percent on a reported basis and organic basis. Second quarter organic net sales guidance excludes the impact of foreign currency fluctuations and net sales attributable to acquisitions and divestitures for which there are less than a full period of comparable net sales. The company estimates EPS on a GAAP basis in a range of $0.19 to $0.23 and adjusted EPS, excluding certain charges (credits), of$0.41 to $0.43.

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. 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 40 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 and connect on Twitter and Facebook.

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," "may," "intend" 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 include, among other things, statements regarding our expected net sales; reported, operational and organic revenue growth rates; reported and adjusted EPS for the second quarter and full year 2022; our financial performance; our business plans and product performance; and the impact of the COVID-19 pandemic on the company's results of operations. 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 factors, in some cases, have affected and in the future (together with other factors) 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: the impact of the ongoing COVID-19 pandemic on our operations and financial results; future U.S. and global economic, political, competitive, reimbursement and regulatory conditions; manufacturing, distribution and supply chain disruptions and cost increases; disruptions caused by cybersecurity events; disruptions caused by extreme weather or other climate change-related events; labor shortages and increases in labor costs; new product introductions; expected procedural volumes; the closing and integration of acquisitions; demographic trends; intellectual property rights; litigation; financial market conditions; 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, including those that have emerged or have increased in significance or likelihood as a result of the COVID-19 pandemic. 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 1A - 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 statements 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.

Note: Amounts reported in millions within this press release are computed based on the amounts in thousands. As a result, the sum of the components reported in millions may not equal the total amount reported in millions due to rounding. Certain columns and rows within tables may not add due to the use of rounded numbers. Percentages presented are calculated from the underlying numbers in dollars.

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 press release.

CONTACT:

Media: Kate Haranis
508-683-6585 (office)
Media Relations
Boston Scientific Corporation
kate.haranis@bsci.com

Investors: Lauren Tengler
508-683-4479 (office)
Investor Relations
Boston Scientific Corporation
BSXInvestorRelations@bsci.com

BOSTON SCIENTIFIC CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended March 31,	
in millions, except per share data	**2022**	**2021**
Net sales	$ 3,026	$ 2,752

Cost of products sold	955	894
Gross profit	2,071	1,858
Operating expenses:		
Selling, general and administrative expenses	1,060	1,019
Research and development expenses	319	276
Royalty expense	12	12
Amortization expense	198	185
Contingent consideration net expense (benefit)	12	(6)
Restructuring net charges (credits)	4	5
Litigation-related net charges (credits)	—	4
Gain on disposal of businesses and assets	—	(6)
	1,605	1,488
Operating income (loss)	466	370
Other income (expense):		
Interest expense	(279)	(82)
Other, net	(31)	37
Income (loss) before income taxes	156	325
Income tax expense (benefit)	45	(16)
Net income (loss)	$ 110	$ 341
Preferred stock dividends	(14)	(14)
Net income (loss) available to common stockholders	**$ 97**	**$ 327**
Net income (loss) per common share - basic	**$ 0.07**	**$ 0.23**
Net income (loss) per common share - assuming dilution	**$ 0.07**	**$ 0.23**
Weighted-average shares outstanding		
Basic	1,427.8	1,418.7
Assuming dilution	1,438.4	1,430.8

BOSTON SCIENTIFIC CORPORATION

NON-GAAP NET INCOME AND NET INCOME PER SHARE RECONCILIATIONS

(Unaudited)

	Three Months Ended March 31, 2022								
(in millions, except per share data)	**Gross Profit**	**Operating Expenses**	**Operating Income (Loss)**	**Other Income (Expense)**	**Income (Loss) Before Income Taxes**	**Net Income (Loss)**	**Preferred Stock Dividends**	**Net Income (Loss) Available to Common Stockholders**	**Impact per Share [1]**
Reported	**$ 2,071**	**$ 1,605**	**$ 466**	**$ (310)**	**$ 156**	**$ 110**	**$ (14)**	**$ 97**	**$ 0.07**
Non-GAAP adjustments:									
Amortization expense	—	(198)	198	—	198	170	—	170	0.12
Acquisition / divestiture-related net charges (credits)	27	(45)	72	—	72	72	—	72	0.05
Restructuring and restructuring-related net charges (credits)	18	(11)	29	—	29	25	—	25	0.02
Investment portfolio net losses (gains)	—	—	—	7	7	5	—	5	0.00
EU MDR implementation costs	10	(6)	16	—	16	14	—	14	0.01
Debt extinguishment charges	—	—	—	194	194	149	—	149	0.10
Deferred tax expenses (benefits)	—	—	—	—	—	30	—	30	0.02
Discrete tax items	—	—	—	—	—	—	—	—	0.00
Adjusted	**$ 2,127**	**$ 1,346**	**$ 781**	**$ (110)**	**$ 671**	**$ 575**	**$ (14)**	**$ 562**	**$ 0.39**

[1] For the three months ended March 31, 2022, the effect of assuming the conversion of Mandatory Convertible Preferred Stock (MCPS) into shares of common stock was anti-dilutive, and therefore excluded from the calculation of EPS. Accordingly, GAAP net income and adjusted net income were reduced by cumulative Preferred stock dividends, as presented in our unaudited consolidated statements of operations, for purposes of calculating net income available to common stockholders.

	Three Months Ended March 31, 2021								
(in millions, except per share data)	**Gross Profit**	**Operating Expenses**	**Operating Income (Loss)**	**Other Income (Expense)**	**Income (Loss) Before Income Taxes**	**Net Income (Loss)**	**Preferred Stock Dividends**	**Net Income (Loss) Available to Common Stockholders**	**Impact per Share [1]**
Reported	**$ 1,858**	**$ 1,488**	**$ 370**	**$ (45)**	**$ 325**	**$ 341**	**$ (14)**	**$ 327**	**$ 0.23**
Non-GAAP adjustments:									
Amortization expense	—	(185)	185	—	185	167	—	167	0.12

Acquisition / divestiture-related net charges (credits)	14	(37)	50	(198)	(148)	(153)	—	(153)	(0.11)
Restructuring and restructuring-related net charges (credits)	18	(31)	49	—	49	44	—	44	0.03
Litigation-related net charges (credits)	—	(4)	4	—	4	4	—	4	0.00
Investment portfolio net losses (gains)	—	—	—	146	146	112	—	112	0.08
EU MDR implementation costs	7	(3)	11	—	11	10	—	10	0.01
Deferred tax expenses (benefits)	—	—	—	—	—	17	—	17	0.01
Discrete tax items	—	—	—	—	—	(3)	—	(3)	(0.00)
Adjusted	**$ 1,897**	**$ 1,228**	**$ 669**	**$ (97)**	**$ 572**	**$ 538**	**$ (14)**	**$ 524**	**$ 0.37**

(1) For the three months ended March 31, 2021, the effect of assuming the conversion of Mandatory Convertible Preferred Stock (MCPS) into shares of common stock was anti-dilutive, and therefore excluded from the calculation of EPS. Accordingly, GAAP net income and adjusted net income were reduced by cumulative Preferred stock dividends, as presented in our unaudited consolidated statements of operations, for purposes of calculating net income available to common stockholders.

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

BOSTON SCIENTIFIC CORPORATION
Q2 and FY 2022 GUIDANCE RECONCILIATIONS
(Unaudited)

Net Sales

	Q2 2022 Estimate		Full Year 2022 Estimate	
	(Low)	(High)	(Low)	(High)
Reported growth	**3.0 %**	**6.0 %**	**7.0 %**	**9.0 %**
Less: Impact of foreign currency fluctuations	(3.0) %	(3.0) %	(2.0) %	(2.0) %
Operational growth	**6.0 %**	**9.0 %**	**9.0 %**	**11.0 %**
Less: Impact of certain acquisitions / divestitures	3.0 %	3.0 %	2.5 %	2.5 %
Organic growth	**3.0 %**	**6.0 %**	**6.5 %**	**8.5 %**

Earnings per Share

	Q2 2022 Estimate		Full Year 2022 Estimate	
	(Low)	(High)	(Low)	(High)
GAAP results	**$ 0.19**	**$ 0.23**	**$ 0.78**	**$ 0.88**
Amortization expense	0.12	0.12	0.48	0.48
Acquisition / divestiture-related net charges (credits)	0.04	0.03	0.14	0.12
Restructuring and restructuring-related net charges (credits)	0.03	0.02	0.09	0.07
Debt extinguishment charges	—	—	0.10	0.10
Other adjustments	0.03	0.03	0.15	0.14
Adjusted results	**$ 0.41**	**$ 0.43**	**$ 1.74**	**$ 1.79**

Use of Non-GAAP Financial Measures

To supplement our unaudited consolidated financial statements presented on a GAAP basis, we disclose certain non-GAAP financial measures, including adjusted net income (loss), adjusted net income (loss) available to common stockholders and adjusted net income (loss) per share (EPS) 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 as well as the impact of certain acquisitions and divestitures with less than a full period of comparable net sales. 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 (loss), adjusted net income (loss) available to common stockholders and adjusted net income (loss) per share we exclude certain charges (credits) from GAAP net income (loss) and GAAP net income (loss) available to common stockholders. Amounts are presented after-tax at the company's effective tax rate, unless the amount is a significant unusual or infrequently occurring item in accordance with Financial Accounting Standards Board Accounting Standards Codification Topic 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 filed with the Securities and Exchange Commission or any Quarterly Report on Form 10-Q that we file thereafter for an explanation of each of these adjustments and the reasons for excluding each item.

The GAAP financial measures most directly comparable to adjusted net income (loss), adjusted net income (loss) available to common stockholders and adjusted net income (loss) per share are GAAP net income (loss), GAAP net income (loss) available to common stockholders and GAAP net

income (loss) per common share - assuming dilution, respectively.

To calculate operational net sales growth rates, 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 periods. To calculate organic net sales growth rates, we also remove the impact of acquisitions and divestitures with less than a full period of comparable 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. 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 (loss), adjusted net income (loss) available to common stockholders, adjusted net income (loss) per share, operational net sales growth rates and organic net sales growth rates, 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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