

Boston Scientific Announces Results for First Quarter 2023

MARLBOROUGH, Mass., April 26, 2023 /PRNewswire/ -- Boston Scientific Corporation (NYSE: BSX) generated net sales of \$3.389 billion during the first quarter of 2023, growing 12.0 percent on a reported basis, 14.9 percent on an operational¹ basis and 14.0 percent on an organic² basis, all compared to the prior year period. The company reported GAAP net income attributable to Boston Scientific common stockholders of \$300 million or \$0.21 per share (EPS), compared to \$97 million or \$0.07 per share a year ago, and achieved adjusted³ EPS of \$0.47 for the period, compared to \$0.39 a year ago.

"I'm pleased with our excellent results this quarter, which highlight our team's strong performance across each business and region," said Mike Mahoney, chairman and chief executive officer, Boston Scientific. "With a robust pipeline in 2023 and beyond, I'm optimistic about our ability to continue to deliver differentiated financial performance and the opportunity to reach more patients with life-changing therapies."

First quarter financial results and recent developments:

- Reported net sales of \$3.389 billion, representing an increase of 12.0 percent on a reported basis, compared to the company's guidance range of 3 to 5 percent; 14.9 percent on an operational basis; and 14.0 percent on an organic basis, compared to the company's guidance range of 6 to 8 percent, all compared to the prior year period.
- Reported GAAP net income attributable to Boston Scientific common stockholders of \$0.21 per share, compared to the company's guidance range of \$0.23 to \$0.26 per share, and achieved adjusted EPS of \$0.47 per share, compared to the guidance range of \$0.42 to \$0.44 per share.
- Achieved the following net sales growth in each reportable segment, compared to the prior year period:
 - MedSurg: 11.0 percent reported, 13.4 percent operational and organic
 - Cardiovascular: 12.7 percent reported, 15.9 percent operational and 14.4 percent organic
- Achieved the following net sales growth in each region, compared to the prior year period:
 - U.S.: 12.7 percent reported and operational
 - EMEA (Europe, Middle East and Africa): 14.2 percent reported and 20.0 percent operational
 - APAC (Asia-Pacific): 5.9 percent reported and 15.4 percent operational
 - LACA (Latin America and Canada): 17.4 percent reported and 20.0 percent operational
 - Emerging Markets⁴: 20.2 percent reported and 26.3 percent operational
- Received U.S. Food and Drug Administration (FDA) clearance and launched in the U.S. and Japan the **LithoVue™ Elite Single-Use Digital Flexible Ureteroscope System**, the first ureteroscope system with a built-in sensor that enables urologists to monitor intrarenal pressure in real time during ureteroscopy procedures.
- Received Japanese Pharmaceuticals and Medical Devices Agency (PMDA), Health Canada and CE Mark approval for the **POLARx™ FIT Cryoablation Balloon Catheter**, an expandable balloon catheter capable of enabling 28 and 31mm sizes, which promotes procedural efficiency and adaptability to varying patient anatomies during the treatment of atrial fibrillation.
- Announced real-world outcomes from the SURPASS one-year analysis of more than 66,000 patients with the **WATCHMAN FLX™ Left Atrial Appendage Closure Device** during a late-breaking session at the Cardiovascular Research Technologies (CRT) 2023 meeting, with data demonstrating a low 1.2% rate of ischemic stroke and 0.11% rate of systemic embolism at one year. Also exceeded 300,000 patients worldwide who have been treated with the WATCHMAN technology.
- Completed enrollment in the ACURATE IDE trial, a prospective, multicenter, randomized study in the U.S. and Canada evaluating the safety and effectiveness of the **ACURATE neo2™ Aortic Valve System** for the treatment of patients with severe, symptomatic aortic stenosis across all surgical risk levels who are indicated for transcatheter aortic valve replacement.
- Commenced enrollment of the global ADVANTAGE AF clinical trial, which will evaluate the safety and effectiveness of the **FARAPULSE™ Pulsed Field Ablation (PFA) System** for the treatment of drug-resistant, symptomatic, persistent atrial fibrillation (AF). Also, presented as late-breaking science at the European Heart Rhythm Association (EHRA) annual meeting were real-world outcomes from the independent MANIFEST-PF registry, which demonstrated the real-world safety, efficacy and efficiency of the FARAPULSE PFA System. Despite a variety of workflows, procedure times remained at approximately one hour, and there was only one case of phrenic palsy and no reports of esophageal complications or pulmonary vein stenosis. One-year freedom from recurrence was 82% in patients with paroxysmal, or intermittent, AF and 72% in patients with persistent AF.
- Closed the acquisition of [Apollo Endosurgery, Inc.](#), expanding the Boston Scientific endoluminal surgery portfolio and enabling entry into the endobariatric market.
- Completed the acquisition of a majority stake investment in [Acotec](#), a Chinese medical technology company that offers innovative solutions designed for several types of interventional procedures. This investment is expected to create strategic value for both companies through a variety of opportunities, including collaboration in research and development, manufacturing and commercial strategies.
- Released the [2022 Performance Report](#), measuring progress on the ways in which the company is transforming care, investing in employees, protecting the environment and creating value responsibly.

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. Adjusted EPS excludes the impacts of certain charges (credits) which may include amortization expense, goodwill and intangible asset impairment charges, acquisition/divestiture-related net charges (credits), investment portfolio gains and losses, restructuring and restructuring-related net charges (credits), certain litigation-related net charges (credits), EU MDR implementation costs, debt extinguishment charges, deferred tax expenses (benefits) and discrete tax items.
4. Periodically, we assess our list of Emerging Markets countries, and effective January 1, 2023, modified our list to include all countries except the United States, Western and Central Europe, Japan, Australia, New Zealand and Canada. We have revised prior year amounts to conform to the current year's presentation.

Net sales for the first quarter by business and region:

(in millions)	Three Months Ended March 31,		Increase/(Decrease)				
			Reported Basis	Impact of Foreign Currency Fluctuations	Operational Basis	Impact of Recent Acquisitions / Divestitures	Organic Basis
	2023	2022					
Endoscopy	\$ 577	\$ 531	8.6 %	2.9 %	11.5 %	— %	11.5 %
Urology	469	413	13.5 %	2.1 %	15.6 %	— %	15.6 %
Neuromodulation	234	209	11.9 %	1.8 %	13.7 %	— %	13.7 %
MedSurg	1,280	1,153	11.0 %	2.4 %	13.4 %	— %	13.4 %
Cardiology	1,606	1,407	14.1 %	3.1 %	17.3 %	(1.9) %	15.4 %
Peripheral Interventions	503	465	8.2 %	3.4 %	11.5 %	— %	11.5 %
Cardiovascular	2,110	1,873	12.7 %	3.2 %	15.9 %	(1.4) %	14.4 %
Net Sales	\$ 3,389	\$ 3,026	12.0 %	2.9 %	14.9 %	(0.9) %	14.0 %

(in millions)	Three Months Ended March 31,		Increase/(Decrease)		
			Reported Basis	Impact of Foreign Currency Fluctuations	Operational Basis
	2023	2022			
U.S.	\$ 2,003	\$ 1,778	12.7 %	— %	12.7 %
EMEA	712	624	14.2 %	5.8 %	20.0 %
APAC	548	517	5.9 %	9.5 %	15.4 %
LACA	126	107	17.4 %	2.6 %	20.0 %
Net Sales	\$ 3,389	\$ 3,026	12.0 %	2.9 %	14.9 %
Emerging Markets⁴	\$ 529	\$ 440	20.2 %	6.0 %	26.3 %

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 2023

The company now estimates net sales growth for the full year 2023, versus the prior year period, to be approximately 8.5 to 10.5 percent on a reported basis, and approximately 8 to 10 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 \$0.93 to \$1.02 and estimates adjusted EPS, excluding certain charges (credits), of \$1.90 to \$1.96.

The company estimates net sales growth for the second quarter of 2023, versus the prior year period, to be in a range of approximately 6.5 to 8.5 percent on a reported basis, and approximately 7 to 9 percent on an 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 \$0.23 to \$0.27 and adjusted EPS, excluding certain charges (credits), of \$0.48 to \$0.50.

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 2023; our financial performance; acquisitions; clinical trials; our business plans and product performance, and new and anticipated product approvals and launches. 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 foreign currency fluctuations; 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; disruptions caused by the COVID-19 pandemic on our operations and financial results; labor shortages and increases in labor costs; new product introductions; expected procedural volumes; the closing and integration of acquisitions; demographic trends; intellectual property; 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 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.

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BOSTON SCIENTIFIC CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited)

	Three Months Ended	
	March 31,	
	2023	2022
<i>in millions, except per share data</i>		
Net sales	\$ 3,389	\$ 3,026
Cost of products sold	1,040	955
Gross profit	2,349	2,071
Operating expenses:		
Selling, general and administrative expenses	1,215	1,060
Research and development expenses	337	319
Royalty expense	11	12
Amortization expense	203	198
Contingent consideration net expense (benefit)	12	12
Restructuring net charges (credits)	20	4
	1,797	1,605
Operating income (loss)	552	466
Other income (expense):		
Interest expense	(65)	(279)
Other, net	(43)	(31)
Income (loss) before income taxes	444	156
Income tax expense (benefit)	131	45
Net income (loss)	314	110
Preferred stock dividends	(14)	(14)

Net income (loss) attributable to noncontrolling interests	\$ 300	\$ 97
Net income (loss) per common share - basic	\$ 0.21	\$ 0.07
Net income (loss) per common share - diluted	\$ 0.21	\$ 0.07
<u>Weighted-average shares outstanding</u>		
Basic	1,435.8	1,427.8
Diluted	1,446.0	1,438.4

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

Three Months Ended March 31, 2023

	Gross Profit	Operating Expenses	Operating Income (Loss)	Other Income (Expense)	Income (Loss) Before Income Taxes	Net Income (Loss)	Preferred Stock Dividends	Net Income (Loss) Attributable to Boston Scientific Common Stockholders	Impact per Share ⁽¹⁾
<i>(in millions, except per share data)</i>									
Reported	\$ 2,349	\$ 1,797	\$ 552	\$ (108)	\$ 444	\$ 314	\$ (14)	\$ 300	\$ 0.21
Non-GAAP adjustments:									
Amortization expense	—	(203)	203	—	203	175	—	175	0.12
Acquisition / divestiture-related net charges (credits)	11	(39)	50	9	59	66	—	66	0.05
Restructuring and restructuring-related net charges (credits)	17	(27)	44	—	44	37	—	37	0.03
Investment portfolio net losses (gains)	—	—	—	21	21	16	—	16	0.01
EU MDR implementation costs	11	(5)	16	—	16	14	—	14	0.01
Deferred tax expenses (benefits)	—	—	—	—	—	41	—	41	0.03
Discrete tax items	—	—	—	—	—	25	—	25	0.02
Adjusted	\$ 2,388	\$ 1,523	\$ 865	\$ (78)	\$ 787	\$ 687	\$ (14)	\$ 673	\$ 0.47

Three Months Ended March 31, 2022[illegible]

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	—	0	0.00
Adjusted	\$ 2,127	\$ 1,346	\$ 781	\$ (110)	\$ 671	\$ 575	\$ (14)	\$ 562	\$ 0.39

(1) For the three months ended March 31, 2023 and 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.

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 2023 GUIDANCE RECONCILIATIONS
(Unaudited)

Net Sales

	Q2 2023 Estimate		Full Year 2023 Estimate	
	(Low)	(High)	(Low)	(High)
Reported growth	6.5 %	8.5 %	8.5 %	10.5 %
Impact of foreign currency fluctuations	1.0 %	1.0 %	0.5 %	0.5 %
Operational growth	7.5 %	9.5 %	9.0 %	11.0 %
Impact of acquisitions / divestitures	(0.5) %	(0.5) %	(1.0) %	(1.0) %
Organic growth	7.0 %	9.0 %	8.0 %	10.0 %

Earnings per Share

	Q2 2023 Estimate		Full Year 2023 Estimate	
	(Low)	(High)	(Low)	(High)
GAAP results	\$ 0.23	\$ 0.27	\$ 0.93	\$ 1.02
Amortization expense	0.13	0.13	0.49	0.49
Acquisition / divestiture-related net charges (credits)	0.05	0.04	0.15	0.14
Restructuring and restructuring-related net charges (credits)	0.04	0.03	0.14	0.13
Other adjustments	0.04	0.04	0.20	0.19
Adjusted results	\$ 0.48	\$ 0.50	\$ 1.90	\$ 1.96

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) attributable to Boston Scientific common stockholders and adjusted net income (loss) per share (EPS) that exclude certain charges (credits); 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 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) attributable to Boston Scientific common stockholders and adjusted net income (loss) per share we exclude certain charges (credits) from GAAP net income and GAAP net income attributable to Boston Scientific common stockholders, which include amortization expense, goodwill and intangible asset impairment charges, acquisition/divestiture-related net charges (credits), investment portfolio gains and losses, restructuring and restructuring-related net charges (credits), certain litigation-related net charges (credits), EU MDR implementation costs, debt extinguishment charges, deferred tax expenses (benefits) and discrete tax items. Amounts are presented after-tax using 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) attributable to Boston Scientific common stockholders and adjusted net income (loss) per share are GAAP net income (loss), GAAP net income (loss) attributable to Boston Scientific common stockholders and GAAP net income (loss) per common share - diluted, 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) attributable to Boston Scientific 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.

SOURCE Boston Scientific Corporation

<https://news.bostonscientific.com/2023-04-26-Boston-Scientific-Announces-Results-for-First-Quarter-2023>