

# ModernGraham Valuation

## Company Name:

Company Ticker BSX

Date of Analysis

1/27/2017

Boston Scientific Corporation



## Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

*Defensive Investor; must pass 6 out of the following 7 tests.*

|  |  |                  |      |
|--|--|------------------|------|
| 1. Adequate Size of the Enterprise         | Market Cap > \$2Bil  | \$32,296,210,162 | Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2  | 1.05             | Fail |
| 3. Earnings Stability                      | Positive EPS for 10 years prior  |                  | Fail |
| 4. Dividend Record                         | Dividend Payments for 10 years prior   |                  | Fail |
|  | Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end | -107.59%         | Fail |
| 5. Earnings Growth                         | PEmg < 20  | -197.90          | Fail |
| 6. Moderate PEmg Ratio                     | PB Ratio < 2.5 OR PB*PEmg < 50   | 5.08             | Fail |
| 7. Moderate Price to Assets                |  |                  |      |

*Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.*

|  |                                |       |      |
|--|--------------------------------|-------|------|
| 1. Sufficiently Strong Financial Condition | Current Ratio > 1.5            | 1.05  | Fail |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1              | 31.34 | Fail |
| 3. Earnings Stability                      | Positive EPS for 5 years prior |       | Fail |
| 4. Dividend Record                         | Currently Pays Dividend        |       | Fail |
| 5. Earnings Growth                         | EPSmg greater than 5 years ago |       | Pass |
|  | Score                          |       |      |

### Suitability

|                     |           |
|---------------------|-----------|
| <b>Defensive</b>    | <b>No</b> |
| <b>Enterprising</b> | <b>No</b> |

## Stage 2: Determination of Intrinsic Value

|                             |               |
|-----------------------------|---------------|
| EPSmg                       | -\$0.12       |
| MG Growth Estimate          | 13.50%        |
| <b>MG Value</b>             | <b>\$0.00</b> |
| MG Value based on 3% Growth | -\$1.75       |
| MG Value based on 0% Growth | -\$1.03       |
| Market Implied Growth Rate  | -103.20%      |

### MG Opinion

|                      |                   |
|----------------------|-------------------|
| Current Price        | \$23.88           |
| % of Intrinsic Value | N/A               |
| <b>Opinion</b>       | <b>Overvalued</b> |
| <b>MG Grade</b>      | <b>D</b>          |

## Stage 3: Information for Further Research

|  |         |
|--|---------|
| Net Current Asset Value (NCAV)                 | -\$5.82 |
| Graham Number                                  | \$6.94  |
| PEmg   | -197.90 |
| Current Ratio                                  | 1.05    |
| PB Ratio                                       | 5.08    |
| Current Dividend                               | \$0.00  |
| Dividend Yield                                 | 0.00%   |
| Number of Consecutive Years of Dividend Growth | 0       |

### Useful Links:

|  |                               |
|--|-------------------------------|
| <a href="#">ModernGraham tagged articles</a> | <a href="#">Morningstar</a>   |
| <a href="#">Google Finance</a>               | <a href="#">MSN Money</a>     |
| <a href="#">Yahoo Finance</a>                | <a href="#">Seeking Alpha</a> |
| <a href="#">GuruFocus</a>                    | <a href="#">SEC Filings</a>   |

| EPS History               |         | EPSmg History                             |                  |
|---------------------------|---------|---|------------------|
| Next Fiscal Year Estimate | \$0.45  | Next Fiscal Year Estimate                 | -\$0.12          |
| Dec2015                   | -\$0.18 | Dec2015                                   | -\$0.47          |
| Dec2014                   | -\$0.09 | Dec2014                                   | -\$0.64          |
| Dec2013                   | -\$0.09 | Dec2013                                   | -\$0.88          |
| Dec2012                   | -\$2.89 | Dec2012                                   | -\$1.21          |
| Dec2011                   | \$0.29  | Dec2011                                   | -\$0.43          |
| Dec2010                   | -\$0.70 | Dec2010                                   | -\$0.92          |
| Dec2009                   | -\$0.68 | Dec2009                                   | -\$0.98          |
| Dec2008                   | -\$1.36 | Dec2008                                   | -\$0.92          |
| Dec2007                   | -\$0.33 | Dec2007                                   | -\$0.51          |
| Dec2006                   | -\$2.81 | Dec2006                                   | -\$0.38          |
| Dec2005                   | \$0.75  | Dec2005                                   | \$0.75           |
| Dec2004                   | \$1.24  | Dec2004                                   | \$0.67           |
| Dec2003                   | \$0.56  | Dec2003                                   | \$0.38           |
| Dec2002                   | \$0.45  | Dec2002                                   | \$0.26           |
| Dec2001                   | -\$0.07 | Dec2001                                   | \$0.15           |
| Dec2000                   | \$0.46  | Dec2000                                   | \$0.24           |
| Dec1999                   | \$0.45  | <b>Balance Sheet Information 9/1/2016</b> |                  |
| Dec1998                   | -\$0.34 | Total Current Assets                      | \$3,181,000,000  |
| Dec1997                   | \$0.14  | Total Current Liabilities                 | \$3,016,000,000  |
| Dec1996                   | \$0.21  | Long-Term Debt                            | \$5,171,000,000  |
|                           |         | Total Assets                              | \$17,697,000,000 |
|                           |         | Intangible Assets                         | \$12,336,000,000 |
|                           |         | Total Liabilities                         | \$11,215,000,000 |
|                           |         | Shares Outstanding (Diluted Average)      | 1,379,700,000    |





Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

## Recommended Reading:

Other  
ModernGraham  
posts about the  
company

[Boston Scientific Inc. Analysis – September 2015 Update \\$BSX](#)  
[23 Companies to Research This Week – 9/13/14](#)  
[Boston Scientific Corporation Annual Stock Valuation – 2014 \\$BSX](#)

Other  
ModernGraham  
posts about related  
companies

[Centene Corp Valuation – Initial Coverage \\$CNC](#)  
[Invacare Corporation Valuation – Initial Coverage \\$IVC](#)  
[Becton Dickinson and Co Valuation – January 2017 \\$BDX](#)  
[Select Medical Holdings Corp Valuation – Initial Coverage \\$SEM](#)  
[Chemed Corporation Valuation – Initial Coverage \\$CHE](#)  
[Inogen Inc Valuation – Initial Coverage \\$INGN](#)  
[Surgical Care Affiliates Inc Valuation – Initial Coverage \\$SCAI](#)  
[Thermo Fisher Scientific Inc Valuation – December 2016 \\$TMO](#)  
[Illumina Inc Valuation – Initial Coverage \\$ILMN](#)  
[Thermo Fisher Scientific Inc Valuation – November 2016 \\$TMO](#)