

ModernGraham Valuation

Company Name:

Company Ticker BSX

Date of Analysis

5/9/2018

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 | \$41,311,529,905 | Pass |
| 2. Sufficiently Strong Financial Condition | Current Ratio > 2 | 0.82 | 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 | -255.96% | Fail |
| 5. Earnings Growth | PEmg < 20 | 59.90 | Fail |
| 6. Moderate PEmg Ratio | PB Ratio < 2.5 OR PB*PEmg < 50 | 5.93 | 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 | 0.82 | Fail |
| 2. Sufficiently Strong Financial Condition | Debt to NCA < 1.1 | -5.29 | 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

| | |
|---------------------|-----------|
| Defensive | No |
| Enterprising | No |

Stage 2: Determination of Intrinsic Value

| | |
|-----------------------------|----------------|
| EPSmg | \$0.50 |
| MG Growth Estimate | 15.00% |
| MG Value | \$19.17 |
| MG Value based on 3% Growth | \$7.22 |
| MG Value based on 0% Growth | \$4.23 |
| Market Implied Growth Rate | 25.70% |

MG Opinion

| | |
|----------------------|-------------------|
| Current Price | \$29.83 |
| % of Intrinsic Value | 155.58% |
| Opinion | Overvalued |
| MG Grade | F |

Stage 3: Information for Further Research

| | |
|--|---------|
| Net Current Asset Value (NCAV) | -\$5.79 |
| Graham Number | \$12.54 |
| PEmg | 59.90 |
| Current Ratio | 0.82 |
| PB Ratio | 5.93 |
| Current Dividend | \$0.00 |
| Dividend Yield | 0.00% |
| Number of Consecutive Years of Dividend Growth | 0 |

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| EPS History | | EPSmg History | |
|---------------------------|---------|--------------------------------------|------------------|
| Next Fiscal Year Estimate | \$1.37 | Next Fiscal Year Estimate | \$0.50 |
| Dec2017 | \$0.08 | Dec2017 | \$0.04 |
| Dec2016 | \$0.25 | Dec2016 | -\$0.19 |
| 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 | Balance Sheet Information | |
| Dec2000 | \$0.46 | 3/1/2018 | |
| Dec1999 | \$0.45 | Total Current Assets | \$4,080,000,000 |
| Dec1998 | -\$0.34 | Total Current Liabilities | \$4,988,000,000 |
| | | Long-Term Debt | \$4,802,000,000 |
| | | Total Assets | \$19,202,000,000 |
| | | Intangible Assets | \$12,698,000,000 |
| | | Total Liabilities | \$12,172,000,000 |
| | | Shares Outstanding (Diluted Average) | 1,396,800,000 |





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:

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company

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