



## Boston Scientific Bullish Positioning into Analyst Day

**Ticker/Price:** BSX (\$41.65)

### Analysis:

**Boston Scientific (BSX)** on Friday trading 4,500 November \$43/\$48 call spreads to open for \$1.49 ahead of their Analyst Day on 6/26. Friday's action follows buyers of 1,900 July \$40 calls and 1,150 July \$38 calls in late May/early June while size sits in the August \$40 calls from earlier this year, over 10,000. Shares have traded strong since late May and breaking above \$41 recently to new highs. The recent range breakout targets \$51 while the weekly recently seeing a bullish MACD crossover and RSI move above 60. The \$58.21B company trades 23X earnings, 5.8X sales, and 418X cash with low-teens growth. BSX sees 9% revenue growth in 2020 and 8.5% in 2021. BSX lowered their outlook in April with margins weakening. They saw some softness in interventional cardiology growth but expected to turn in the 2H due to "complex coronary products, easing DES comps, the launch of Promus ELITE and U.S. approval LOTUS Edge and the continued momentum of structural heart with our broader portfolio, capabilities and scale." They also see WATCHMAN utilization increasing and expanding its international footprint. They also have a number of product launches across all indications in late 2019 and 2020. Analysts have an average target for shares of \$42 with 20 buy ratings and 2 hold. CSFB out on 6-21 expecting "management to provide an update on key product launches, product pipeline, acquisitions and intermediate-term and long-term outlook through 2022E. BSX's outlook in 2015 and 2017 included goals for sales growth (both organic and operational), op margin improvement, EPS growth and FCF growth. Given the expansion of the company's pipeline and increase in strategic investments (>10 in the past year), we expect greater detail on these higher growth drivers." BAML positive on 5-16 on the incremental growth opportunity for BSX from several of its recent acquisitions such as Augmenix, Claret, Vertiflex, Cryterion and BTG. They think the analyst day will bring the potential contribution from these deals to light and provide confidence in the near term, and for 2020 and longer term. Short interest is 1% and up from 0.6% in March. Hedge Fund Ownership rose 5.88%. Senator Investment with 5M shares while Suvretta Capital with 3M shares.

### Hawk Vision:



**Trading Strategy:** BSX shares have made a massive comeback from weakness in April, and look attractive into a clear catalyst. The Aug \$40 calls would be a target on a move back to support near \$39.50.

**Confidence Ranking:** \$\$