



Bulls Position in Boston Scientific As Surgical Volumes Normalize

Ticker/Price: BSX (\$41.50)

Analysis:

Boston Scientific (BSX) buyers active today for 5,500 November \$44 calls up to \$2.15 in stock replacements and then another block of 4,000 bought at \$2.09 and volume now over 9,650. Today's action follows buyers in the August \$43 calls on 5/6 over 2000X while the January \$50 ITM puts sold to open for \$7.80 on 5/4. Shares have pulled back to VWAP from the March lows and just above the midpoint of the recent run to \$44.50 as it looks to regain some momentum and work out of a broader range that stretches back to mid-2020. The longer-term measured move is out to \$53. The \$59.12B company trades 22.5X earnings, 5.85X sales, and 29.3X cash with mid-teens growth. BSX has struggled with guidance given all of the uncertainties around COVID but more optimistic last month and prepared to enter the 2H in a position of strength given their pipeline growth, procedure volumes returning to normal, and expansion into new markets. They continue to see strength in endoscopy, up double-digits due to new product launches, while cardiac will benefit from a bigger replacement cycle into 2022. They also could see expansion of indications for WATCHMEN as they continue to enroll in key studies. Analysts have an average target for shares of \$46.50 with a Street High \$52. Truist with a \$50 target and positive in April noting that the investment story is just heating up and the company is well-positioned to execute against its guidance as the elective procedure environment normalizes. Short interest is 1.2%. Hedge fund ownership rose 12.5% in Q4, Viking Global a buyer of 11.1M shares and now with 29M. BSX will be at the UBS Healthcare conference on 5/24.

Hawk Vision:



Hawk's Perspective: BSX looks like it has room back to that \$40.50 level and the 50-MA which would be a nice spot to lean against in a high-quality name with plenty of tailwinds into the 2H and 2022

Confidence Ranking: \$\$