



Boston Scientific Bullish Action Jumps

Ticker/Price: BSX (\$39.85)

Analysis:

Boston Scientific (BSX) with 2,365 January \$45 calls bought today up to \$2.45 and also seeing 1,245 April \$43 calls and 10,000 speculative OTM April \$45 calls open. BSX has 2,350 May \$39 calls in OI from recent buyers as well. Shares have run strong since mid-December and consolidating in a small range above the weekly breakout at \$39.45. The long-term measured move out of this range targets \$47.50. The \$55.38B company trades 22.2X earnings, 5.65X sales, and 86X FCF with estimates for 12.5% and 14.7% EPS growth through FY20. They are targeting 8.4% and 8.3% revenue growth after a transitional year in 2018 with a strong pipeline of new products launching. The company is expanding their scale in Neuromodulation, a \$3.3B market which is growing 10-15%, while their \$4.2B deal for BTG expands their reach interventional medicine. Analysts have an average target for shares of \$41 with 23 buy ratings and 2 hold ratings. Piper raising their target to \$42 on 2/6 as investors gain more comfort with the investments the company is making. RBC has shares as a Top Pick for 2019 driven by a string of new launches and enhancements to current products while their healthy FCF and organic growth supports a strong balance sheet. Institutional ownership fell 6.7% last quarter. Viking Global a buyer of 2M shares, now with over 5M total, while Polar Capital a buyer of 1.25M shares. Short interest is 0.7% and down near multi-year lows. BSX will be at the SVB Leerink healthcare conference next week, 2-27. Shares lifted mid-year in 2018 after reports that Stryker had made a takeover offer to the company, potentially forming a \$110B medical device leader.

Hawk Vision:



Trading Strategy: BSX is flagging tightly and has nice momentum, the longer term calls notable making it a name to target on a consolidation base pattern.

Confidence Ranking: \$\$