AGC | Arabian Gulf Capital

WEEKLY REVIEW

BOSTON SCIENTIFIC CORP

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30 July 2026

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BOSTON SCIENTIFIC CORP (BSX US EQUITY)

Boston Scientific is a leading global medical technology company focused on minimally invasive devices for the treatment of cardiovascular, peripheral vascular, neurological, urological, gastrointestinal, and pulmonary diseases. Through its Cardiovascular and MedSurg segments, the company has built a diversified portfolio of market-leading franchises, including WATCHMAN, FARAPULSE, Interventional Cardiology & Vascular Therapies, Endoscopy, Neuromodulation, and Urology. Its strategy focuses on innovation, targeted acquisitions, and expansion into high-growth therapeutic markets.

Boston Scientific's ~52% YTD share price decline has been driven by execution challenges in its WATCHMAN and Electrophysiology franchises. Despite these headwinds, the broader business continues to deliver healthy growth, strong profitability, and resilient cash generation. Management has also initiated a comprehensive restructuring program while maintaining investment in innovation to improve operational efficiency and support long-term growth.

Specification

Ticker	BSX
Exchange	NYSE
Sector	Medical Devices
Market Cap	$68.46B
ISIN	US1011371077

BSX Price per share, USD - 1Y Chart

**** For informational purposes only and should not be interpreted as investment recommendations or valuation opinions.*

Financial Performance – Underlying Strength

Q2 2026 highlighted the resilience of Boston Scientific's core business despite a weaker forward outlook. Revenue increased 7.5% YoY to $5.44 billion, while adjusted EPS rose approximately 15% to $0.86 and operating margin improved to 21.65%. Free cash flow increased to $1.29 billion, reflecting continued cash generation. Growth remained broad-based, led by Interventional Cardiology & Vascular Therapies (+12%), Neuromodulation (+12%), Interventional Oncology (+12%), and Endoscopy (+7%), while weaker performance was primarily concentrated in WATCHMAN (+4%) and Cardiac Rhythm Management (-2%). Overall, the quarter demonstrated continued strength across most of the company's operating businesses despite execution challenges in a limited number of franchises.

Key Financial Highlights – Q2 2026

In Millions, USD	2025 Q2	2026 Q2	YoY
Revenue	5,061	5,442	7.53%
Gross Profit	3,514	3,907	11.18%
EBITDA	1,280	2,323	81.48%
Net Income	940	1,152	22.55%
EPS	0.75	0.86	14.67%
Cash From Operations	1,286	1,715	33.36%
Free Cash Flow	1,129	1,290	14.26%

Key Financial Highlights – Last 5 Years

In Millions, USD	2022	2023	2024	2025
Revenue	12,682	14,240	16,747	20,074
Gross Profit	8,935	10,073	11,775	14,174
EBITDA	3,687	4,203	5,040	5,972
Net Income	1,781	2,288	2,991	3,606
EPS	1.24	1.56	2.02	2.41
Cash From Operations	1,526	2,503	3,435	4,534
Capex	-588	-711	-790	-876
Free Cash Flow	938	1,792	2,645	3,658

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Key Growth Drivers

Broad-Based Portfolio Continues to Drive Growth

Despite weaker performance in a few franchises, Boston Scientific's growth remained diversified across multiple businesses. Interventional Cardiology & Vascular Therapies grew 12%, supported by demand for AGENT DCB and Varithena, while Neuromodulation and Interventional Oncology & Embolization each increased 12%, and Endoscopy advanced 7%. Management also noted that approximately 75% of the business continues to grow at around 6%, indicating that growth remains broad-based despite execution challenges in selected franchises.

Innovation Pipeline Supports Long-Term Expansion

Boston Scientific continues to invest in product innovation, with multiple launches and clinical milestones expected through 2028. Key growth platforms include FARAWAVE Ultra, FARAFLEX, WATCHMAN Elite, SEISMIQ Coronary IVL, Renal Denervation (TIVUS) and 2D ICE, targeting multi-billion-dollar addressable markets. The company's ongoing investment in innovation reflects its strategy of expanding across existing and emerging therapeutic areas while supporting future growth.

Disciplined Capital Allocation Supports Strategic Priorities

During the quarter, Boston Scientific completed its $2 billion accelerated share repurchase, repurchasing approximately 40 million shares, and invested $1.5 billion in MiRus, securing a strategic equity stake and an exclusive option on its next-generation TAVR platform. Together with the pending Penumbra acquisition, these initiatives expand the company's presence across key cardiovascular markets.

Strategic Restructuring to Enhance Future Profitability

Boston Scientific recently approved a global restructuring program to improve cost efficiency and support its long-term strategic priorities. The initiative includes supply chain optimization, organizational restructuring and targeted workforce reductions through 2029. The company expects to incur $700–800 million of pre-tax restructuring charges and generate approximately $500 million of annual run-rate cost savings by the end of 2029.

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Margin Expansion Reflects Improved Profitability

Boston Scientific continued to improve its profitability in Q2 2026 despite the weaker outlook. Gross margin remained strong at 70.71%, while EBITDA margin reached 36.53%, operating margin improved to 21.65%, and net income margin increased to 16.67%, reflecting operating leverage and disciplined cost management. The company's restructuring program is expected to generate approximately $500 million of annual run-rate cost savings by the end of 2029, supporting its long-term efficiency objectives.

Key Margins

Margin	2022	2023	2024	2025	Current - Q2 26
Gross Margin	68.81%	69.49%	68.61%	69.01%	70.71%
EBITDA Margin	22.68%	25.53%	23.71%	25.40%	36.53%
Operating Margin	13.00%	16.45%	15.54%	18.00%	21.65%
Net Income Margin	5.50%	11.17%	11.06%	14.44%	16.67%

Historical Ratios – Last 5 Years

Ratio	2022	2023	2024	2025
ROE	3.76%	8.51%	9.03%	12.60%
ROA	2.16%	4.71%	4.97%	6.98%
ROC	3.71%	6.44%	6.71%	9.16%
CFO, USD Millions	1,526	2,503	3,435	4,534
FCF, USD Millions	938	1,792	2,645	3,658
Total Debt, USD Millions	9,343	9,568	11,228	11,972
Total Debt/T12M EBITDA	3.25 x	2.63 x	2.83 x	2.35 x
Net Debt/EBITDA	2.93 x	2.39 x	2.72 x	1.96 x
EBITDA to Interest Expense	6.12 x	13.72 x	13.02 x	14.61 x

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Valuation – Following the Market Reset

Boston Scientific's ~52% YTD share price decline has resulted in lower valuation multiples despite continued revenue growth and profitability. The stock currently trades at 14.84x P/E, 13.86x Forward P/E, 0.92x PEG, and 2.65x P/B. These multiples provide context for assessing the company's valuation relative to peers alongside its diversified business portfolio, innovation pipeline and ongoing restructuring initiatives.

Key Multiples

Metric	BSX
P/E	14.84 x
Forward P/E	13.86 x
PEG	0.92 x
P/B	2.65 x
Forward P/B	2.41 x
FWD EV/Sales	3.63 x
FWD EV/EBITDA	11.37 x

BSX vs Peers

Ticker	FWD P/E	FWD P/B	PEG	FWD EV/EBITDA
BSX	**14.86**	**13.86**	**0.92**	**11.37**
MDT	15.71	14.60	2.76	11.92
EW	30.52	28.60	2.35	21.71
ABT	20.39	19.44	2.26	16.55
SYK	25.88	23.15	2.39	18.68

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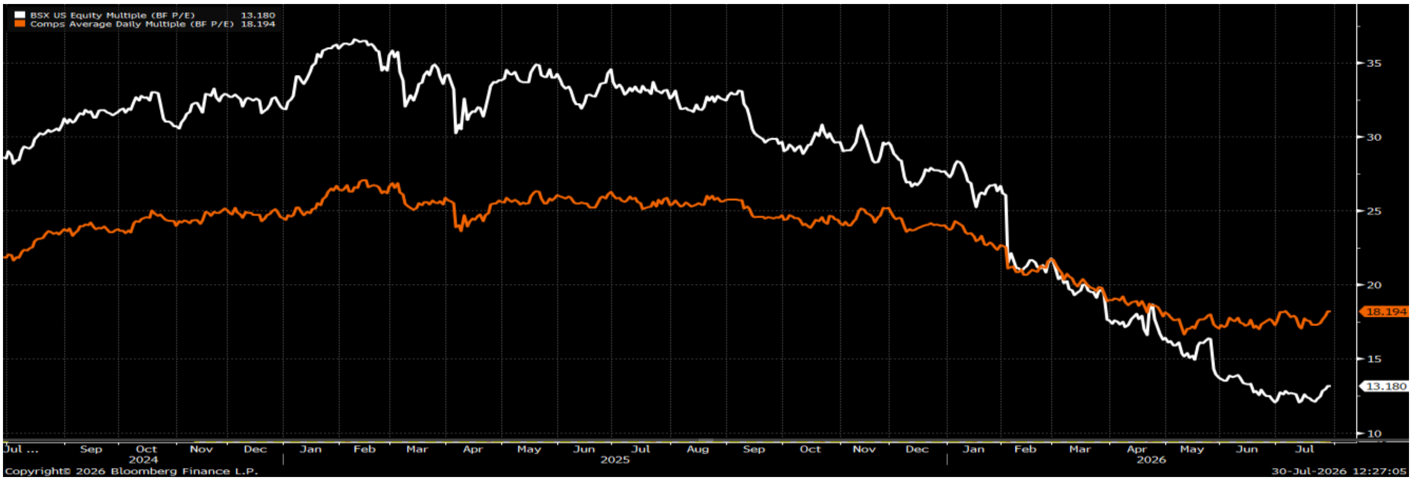
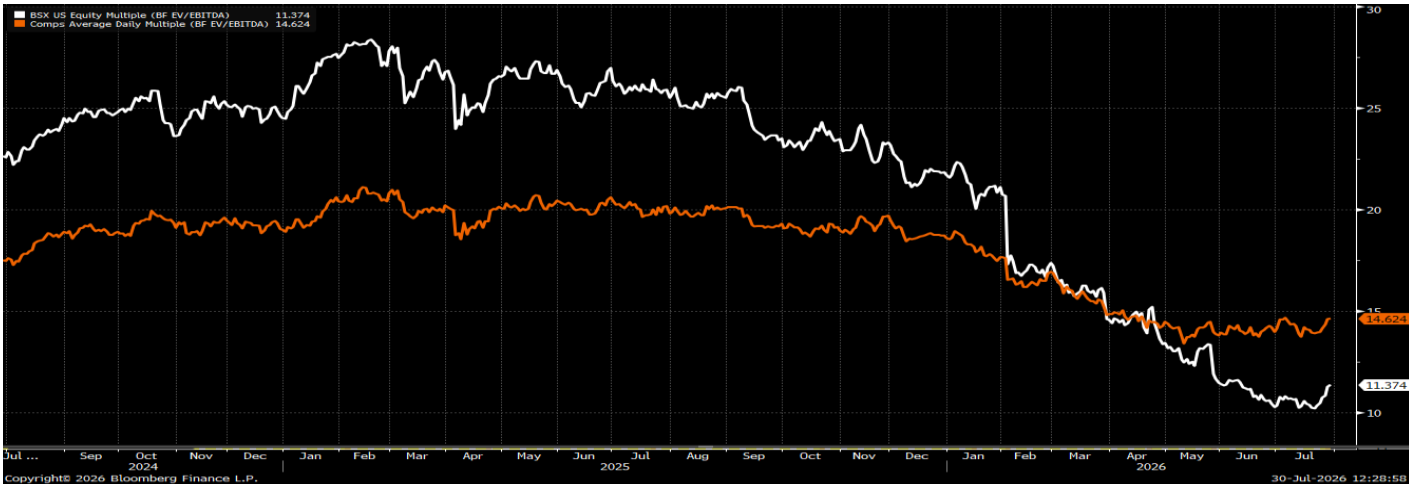
BSX – Blended Forward P/E vs Peers



BSX – Blended Forward EV/EBITDA



Key Risks & Conclusion

Boston Scientific continues to demonstrate resilient operating performance, supported by diversified revenue streams, improving profitability, and ongoing investment in innovation. Key risks include execution in the WATCHMAN and Electrophysiology franchises, competitive pressures, and the successful implementation of the company's restructuring program.

- *Source: Public company filings, Bloomberg, market data providers, and publicly available information as of the date of publication.*
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