

INVESTOR'S EDGE

Boston Scientific is a star among medical device manufacturers

It has carved out a leading position in the industry.

"If a business does well, the stock eventually follows." — Warren Buffet



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Guest columnist

For me, buying a publicly traded stock is no different than buying an interest in a private business. In either case, I would only invest in a company that's well managed, with a valuable product line, and robust profitability.

Furthermore, I would only invest if the company is outperforming its peers and their main competitors.

Boston Scientific is definitely one such company, having generated an average annualized rate of return of 30% over the last three years — five times the return of the overall healthcare sector — and a 24% annualized return over the last five years, well ahead of the S&P 500 Index's 13%.

That is quite impressive considering that most healthcare stocks have badly lagged the broad market return over the last five years, largely due to investors' myopic focus on pure artificial intelligence stocks within the technology sector.

However, heading into 2026, I believe quality healthcare stocks, and Boston Scientific in particular, offers big upside in the rapidly growing medical device industry.

By way of background, Boston Scientific (symbol: BSX) develops a variety of cutting-edge medical devices used in minimally invasive procedures. Boston Scientific's devices help doctors treat heart disease, nerve pain, diabetes, urology ailments, cancerous tumors, and neurological disorders. The company's operations span 127 countries and treat over 44 million patients each year.

Boston Scientific's diversified portfolio across almost all areas of "MedTech" has helped it carve out a leading position in the rapidly growing minimally invasive medical devices industry.

In its most recent quarterly report, BSX reported a 23% year-over-year increase in revenue while also surging past analyst profitability estimates. In fact, over just the last five years, the company has more than tripled its earnings per share, going from \$0.96 in 2020 to \$3.05 projected for 2025.

Going forward, BSX is well-positioned to benefit from several tailwinds that will continue to drive demand for its devices.

Our global population is aging, diagnosed chronic conditions are increasing, and the demand/adoption for less invasive surgical procedures is rising markedly. In fact, the current global medical device market is expected to surge over the next few years, which will only benefit BSX shareholders.

One of BSX's core segments is cardiovascular implants — estimated to account for \$13 billion of the company's sales this year. A central part of the company's cardio growth story is the Watchman, an

implant designed to treat patients with irregular heartbeat, commonly known as AFib.

Watchman sales grew 35% in the BSX's most recent quarter, reaching over 600,000 patients. Watchman is considered the gold standard for AFib implants and will continue to generate strong demand in the years ahead.

While the use of artificial intelligence has been dominated by technology companies, they are not the only ones. In fact, Boston Scientific is aggressively incorporating AI into a variety of their devices to help patients and doctors analyze and act promptly on medical information.

For example, their HeartLogic implant can identify cardiac risks, and intervention options for doctors, allowing them to be proactive about a patient's heart treatment. Another AI tool, BeatLogic, is an advanced deep-learning algorithm that processes and analyzes over 3 billion patient heartbeats every day. Patients wear heart monitoring bands or patches that send cardiac activity to BeatLogic's cloud-based platform which can detect and report heart rhythm abnormalities.

Boston Scientific has also pursued an aggressive international expansion plan, with about 40% of its revenues currently coming from outside the United States, across 127 countries. Again, with healthcare demand growing around the world,

BSX is very well positioned to capitalize.

Sadly, many of us know a friend or family member who lives with chronic pain or a debilitating illness like Parkinson's Disease, which happens to be the fastest growing neurological disorder in the world. Boston Scientific boasts several advanced treatment technologies that help patients significantly improve their quality of life.

For example, BSX's Vercise Genus is an advanced Deep Brain Stimulation (DBS) system that treats the symptoms of Parkinson's Disease and essential tremors. Patients who receive BSX's DBS treatment experience on average a 70% reduction in tremors and 51% improvement in motor function. These are truly life-changing results within an unfortunately rapidly growing market.

In summary, Boston Scientific has a globally valuable product pipeline that will drive above-average profit growth for years to come. With the stock lagging the broad market year to date and selling just over 10% off its 52-week high, I believe local investors will be well rewarded buying it now.

Remember, today's laggards may well turn into 2026's leaders.

Happy Holidays!

Jim Burns, a chartered financial analyst, is president of J.W. Burns & Co. The opinions expressed here are his and do not necessarily reflect those of The Post-Standard. Readers should do research before deciding on an investment. Contact him at jburns@jwburns.com.

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