

four segments: Transcatheter Aortic Valve Replacement (63% of '19 revenues); Surgical Structural Heart (19%), Critcal Care (17%), Transcatheter Mitral and Tricuspid (1%). '19 GAAP R&D: \$752.7

proxy). Chairman & Chief Executive Officer: Michael A. Mussallem. Inc.: Delaware. Address: One Edwards Way, Irvine, California, 92614. Telephone: (949) 250-2500. Internet: www.edwards.com

cannot delay seeking valve replacements

for too long without seriously endangering

their health. With that in mind, we have

added \$50 million and \$0.10 per share to

our respective top- and bottom-line es-

Edwards settled a patent dispute with

**Abbott Labs.** The company agreed to pay

Abbott \$368 million to resolve a conflict in-

volving transcatheter mitral and tricuspid

valve repair devices. The agreement clears

the way for further development of its

(TMTT) unit. Although TMTT only genera-

tes a tiny fraction of the company's sales,

it possesses substantial long-term growth

These shares carry a Timeliness rank

Tricuspid

and

Mitral

timates.

Transcatheter

potential.

876.6 902.4 873.2 Edwards Lifesciences' second-quarter Past Est'd '17-'19 results exceeded expectations. Reve-5 Yrs. to '23-'25 nues of \$925 million easily topped our tar-13.0% 14.0% 11.0% get and surpassed management's own 19.0% 22.5% 12 5% guidance. Still, the figure was down rough-22.0% 24.5% 13.5% Nil 7.5% ly 15% year over year as the impact of the 14.5% 15.5% COVID-19 pandemic slowed the number of QUARTERLY REVENUES (\$ mill.) Full procedures performed heart being Mar.31 Jun. 30 Sep. 30 Dec. 31 Year worldwide. The good news is that after a 888.5 841.8 821.5 3435.3 steep decline in April, procedures picked 906.6 977 7 3722 8 up markedly in May and June. The company's largest segment, Transcatheter Aortic Valve Replacement (TAVR), dipped about 1094 1174 4348.0 925.0 1100 4350 1197 1300 1400 5200 12%. Again, the amount of procedures in-EARNINGS PER SHARE A creased later in the quarter. Elsewhere, Full Mar.31 Jun. 30 Sep. 30 Dec. 31 Year the Surgical Structural Heart and Critical .28 .32 1.27 Care units both declined double digits. .36 .39 1.57 Meanwhile, adjusted earnings of \$0.34 per .47 .49 1.86 share bested our split-adjusted estimate of .51 .45 1.80 \$0.20. (Edwards completed a 3-for-1 stock split in June). The better-than-expected sales volume offset higher foreign ex-.55 .65 2.25 QUARTERLY DIVIDENDS PAID Mar.31 Jun.30 Sep.30 Dec.31 Year change headwinds. We have increased our 2020 estimates

of 2 (Above Average). The stock has risen approximately 13% in value since our last full-page report in May and should have more room to run in the near term. Too, conservative investors will be impressed by the favorable marks for Safety (2) and Financial Strength (A+). On the downside, capital appreciation poten-

**slightly.** We continue to hold the view that business will start to normalize in the second half of the year. Patients with tial out to 2023-2025 is below average. heart ailments, especially aortic stenosis, Kevin P. O'Sullivan

August 14, 2020

(A) Diluted earnings. Excludes nonrecurring: '04: (14¢); '05, (6¢); '06, 1¢; '07, (2¢); '08, (1¢); '09, 7¢; '10, 1¢; '11, (2¢); '12, (4¢); '13, 5¢; '14,  $66\phi$ ; '15,  $(2\phi)$ ; '16,  $(9\phi)$ ; '17,  $(31\phi)$ ; '18,  $(44\phi)$ ; (B) Includes intangibles. In '19: \$1504.2 mil-

Accts Payable Debt Due

Current Liab.

Revenues "Cash Flow"

Dividends Book Value

Earnings

Cal-

endar

2017

2018

2019

2020

2021

Cal-

endar

2017

2018

2019

2020

2021

Cal-

endar

2016

2017

2018

2019

2020

ANNUAL RATES

of change (per sh)

883.5

8948

993.0

1128

1200

.31

.41

.44

.50

.50

134.0

742.<u>6</u>

Past

943.7

1087

1300

.36

.41

.46

34

.55

NO CASH DIVIDENDS

BEING PAID

180.4

722.0

153.4

719.8

'19, (21¢); '20, (54¢). Quarterly figures may not lion, \$2.40 a share. sum due to rounding. Next earnings report due (C) In millions, adjusted for splits. late October.

Company's Financial Strength Stock's Price Stability A+ 65 Price Growth Persistence 75 **Earnings Predictability** 100

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