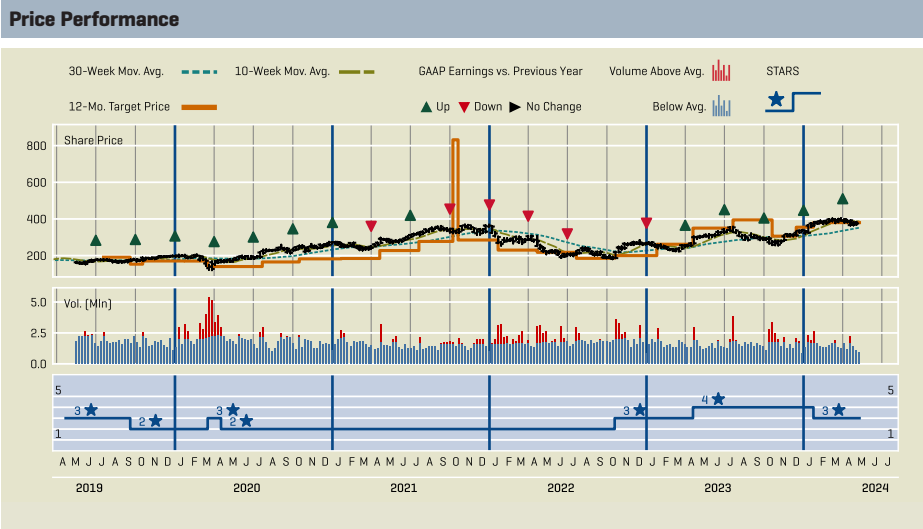


Recommendation	HOLD	★ ★ ★ ★ ★	Price	12-Mo. Target Price	Report Currency	Investment Style
			USD 386.70 [as of market close May 10, 2024]	USD 380.00	USD	Large-Cap Blend

Equity Analyst Paige Meyer

GICS Sector	Health Care	Summary	This company developed the da Vinci Surgical System, which uses advanced robotics and computerized visualization technology for minimally invasive surgeries.
Sub-Industry	Health Care Equipment		

Key Stock Statistics [Source: CFRA, S&P Global Market Intelligence (SPGMI), Company Reports]							
52-Wk Range	USD 403.76 - 254.85	Oper.EPS2024E	USD 6.41	Market Capitalization[B]	USD 134.92	Beta	1.39
Trailing 12-Month EPS	USD 5.98	Oper.EPS2025E	USD 7.45	Yield [%]	N/A	3-yr Proj. EPS CAGR[%]	14
Trailing 12-Month P/E	64.67	P/E on Oper.EPS2024E	60.33	Dividend Rate/Share	N/A	SPGMI's Quality Ranking	B+
USD 10K Invested 5 Yrs Ago	23,386.0	Common Shares Outstg.[M]	355.00	Trailing 12-Month Dividend	N/A	Institutional Ownership [%]	86.0



Source: CFRA, S&P Global Market Intelligence

Past performance is not an indication of future performance and should not be relied upon as such.

Analysis prepared by Paige Meyer on Apr 26, 2024 07:00 PM ET, when the stock traded at USD 373.95.

- Highlights**
- Da Vinci procedures grew by a solid 16% Y/Y in the first quarter of 2024, roughly in line with our expectations, while the da Vinci system install base rose by 14% Y/Y reaching to 8,887. In March, ISRG received U.S. FDA clearance for its next-generation surgical system, the da Vinci 5, which includes a number of enhancements. We think this had limited impact on the share price so far, as only eight of them were placed in Q1.
 - We expect sales to grow 13% Y/Y in 2024 and by 14% in 2025, following a 14% rise in 2023. Sales will likely be driven by robust procedure growth, primarily in U.S. general surgery and in international procedures at earlier stages of adoption. Capital sales are driven by procedure demand, catalyzing hospitals to establish or expand robotic system capacity.
 - One temporary headwind is the increasing proportion of da Vinci system sales that are being made through operating lease arrangements, which has a dampening effect on sales growth. Yet, the return of routine diagnostic procedures (which sometimes eventually lead to surgery) could be a tailwind. Procedures per system is growing and customers are increasing the mix of shorter-duration procedures, which demonstrates value-add.

- Investment Rationale/Risk**
- Following Q1 earnings release in April, we maintain our Hold recommendation on shares of Intuitive Surgical as we see limited upside potential at current valuations. We continue to view ISRG as one of the best-run medical device companies with its enviable margins, defensible competitive position, and room to grow in the long run, as the pandemic accelerated the adoption of robotic surgery. This is evidenced by strong levels of system placements during 2023, a trend from which ISRG has been benefiting. Yet, we expect procedures growth rates to progressively slow down in 2H 2024 from the post-Covid high levels seen during 2023.
 - Risks to our rating and 12-month target price include lower-/higher-than-projected procedure volumes, a stronger/weaker outlook for incoming competition, and weaker-/stronger-than-expected demand for da Vinci systems.
 - Our 12-month target price of \$380 assumes a multiple of 51.0x our 2025 EPS estimate of \$7.45. This is above ISRG's 10-year historical forward average as we expect robust trends in net procedure growth, despite some challenges for bariatric surgery, which could see lower demand, due to the increasing popularity of GLP-1 drugs.

Analyst's Risk Assessment		
LOW	MEDIUM	HIGH

ISRG is an early mover in the field of robotic surgery and has established both competitive and technological dominance in the market. While we expect the company to face intense competition soon, we think that the marginal risk to the company's ability to continue as an ongoing concern is minimal. Given the high switching costs of robotic surgery platforms, we expect ISRG to have more loyal customers than in most other industries. ISRG has also typically maintained a net cash position and achieved positive free cash flow. Risks that could threaten ISRG's business include obsolescence, regulations, and economic risk.

Revenue/Earnings Data					
Revenue (Million USD)	1Q		2Q		Year
	2025	E 2,173	E 2,294	E 2,274	E 9,178
2024	1,891	E 1,983	E 2,004	E 2,171	E 8,049
2023	1,696	1,756	1,744	1,928	7,124
2022	1,488	1,522	1,557	1,655	6,222
2021	1,292	1,464	1,403	1,551	5,170
2020	1,100	852	1,078	1,329	4,358

Earnings Per Share (USD)					
	1Q	2Q	3Q	4Q	Year
2025	£ 1.72	£ 1.89	£ 1.90	£ 1.94	£ 7.45
2024	1.50	£ 1.60	£ 1.61	£ 1.70	£ 6.41
2023	1.23	1.42	1.46	1.60	5.71
2022	1.13	1.14	1.19	1.23	4.69
2021	1.17	1.31	1.19	1.30	4.97
2020	2.69	1.11	2.77	3.58	10.16

Fiscal Year ended Dec 31. EPS Estimates based on CFRA's Operating Earnings; historical earnings are adjusted. In periods where a different currency has been reported, this has been adjusted to match the current quoted currency.

Dividend Data	
No cash dividends have been paid in the last year.	

Business Summary Apr 18, 2024

CORPORATE OVERVIEW. Intuitive Surgical [ISRG] designed the da Vinci Surgical System, a product that incorporates advanced robotics and computerized visualization technologies to improve the ability of surgeons to perform complex, minimally invasive procedures. As of the end of 2023, the company had a worldwide installed base of 8,606 da Vinci Surgical Systems, up 14% from the end of 2021. During 2022 [latest data available], surgeons, using the company’s technology, completed an estimated 1,875,000 surgical procedures of various types, including urologic, gynecologic, cardiothoracic, and general surgery, up from 1,594,000 in 2021 despite the continuation of the pandemic. ISRG’s key goals include enabling physicians and hospitals to improve outcomes for their patients, improve their patients’ and the care teams’ experience, and lower the total cost to treat per patient episode.

ISRG has commercialized four generations of da Vinci surgical systems – the fourth generation includes the da Vinci SP, da Vinci X, and da Vinci Xi. The da Vinci Surgical System is designed to enable complex surgery using a minimally invasive approach. It consists of an ergonomic surgeon console or consoles, a patient-side cart with an interactive arm or arms, a high-performance vision system, and proprietary instruments and accessories. The system translates a surgeon’s hand movements into precise and corresponding real-time micro movements of the da Vinci instruments positioned inside the patient.

In March 2024, ISRG received U.S. FDA clearance for its next-generation robotic surgical system, the da Vinci 5, which includes a number of enhancements compared to the previous versions. We think the news had limited impact on the share price after the announcement as only a limited number [eight] were made available to customers initially. The company is targeting for a measured launch during 2024, thus we do not expect it to meaningfully impact ISRG’s financials in the near term.

ISRG generates revenue from the placement of da Vinci surgical systems through sales or sales-type lease arrangements where revenue is recognized upfront or in operating lease transactions or usage-based models where revenue is recognized over time. Lately, operating leases have become a larger portion of ISRG’s revenue. Operating leases appeal to customers since they don’t require the outright purchase of a da Vinci system, which generally sells for between \$0.5 million and \$2.5 million, a significant investment for customers. We expect ISRG to face increased price negotiations and elongated negotiation timelines as ISRG’s competitors get closer to launching their robotic surgery offerings.

ISRG generates a significant amount of recurring revenue. In 2021, recurring revenue increased to \$4.9 billion or 79% of total revenue, compared with 75% in 2021, 77% in 2020, and 72% in 2019. Some of the growth in recurring revenue has come from operating leases, but most of the growth has been driven by increased sales of instruments and accessories, which largely reflect the continued adoption of da Vinci systems for surgical procedures. ISRG generally earns between \$600 and \$3,500 of instruments and accessories revenue per surgical procedure performed. ISRG also generates recurring service revenue, which is driven by the growth of the installed systems base.

COMPETITIVE ENVIRONMENT. Although ISRG has been a pioneer and leader in robotic-assisted surgery, ISRG faces competition from many other approaches, including open surgery, conventional minimally invasive surgery, drug therapies, radiation treatment, and emerging interventional surgical approaches. ISRG’s success depends on continued clinical and technical innovation, quality, and reliability as well as educating hospitals, surgeons, and patients on the demonstrated results associated with robotic-assisted surgery using the da Vinci Surgical System and its value relative to other techniques. In recent years, numerous companies have introduced products in the field of robotic surgery or have made explicit their intention to enter the field of robotic surgery, such as Asensus Surgical, Johnson & Johnson, Medtronic, and Samsung Group. ISRG appears to be spending heavily in anticipation of increasing competition.

The da Vinci systems, like most robotic surgical systems, require significant training and time for surgeons to become accustomed to. As a result, switching costs are high. Since ISRG was an early mover in the field of robotic-assisted surgery, it was able to establish an unparalleled installed base worldwide, meaning that switching costs present a significant barrier to entry for potential competitors.

FINANCIAL TRENDS. In 2023, total revenue increased 14.6% year-over-year to \$7.12 billion, reflecting a three-year compound annual growth rate [CAGR] of 17.8%. Normalized net income rose by 20% to \$2 billion, reflecting a three-year CAGR of 18.6%. Strong results in 2023 were driven by robust overall procedure growth of 22% Y/Y for the year versus 18% Y/Y in 2022. This was due to high growth in U.S. general surgeries and cancer procedures internationally as there was a considerable elective procedure backlog resulting from canceled or postponed surgeries during the pandemic. ISRG keeps a conservative balance sheet with negative net debt and strong liquidity with a current ratio of 5.8x as of Q3 2023. In recent years, the company has been spending more and more on research & development [R&D]. ISRG’s R&D margin [R&D as a percentage of revenue] was 14% in 2023, almost in line with the 2022 level of 14.1% [2021: 11.8%]. We expect the company to continue to focus its efforts on internally generated innovation to maintain its technological lead in the face of growing competition.

Corporate information

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Independent Chairman C. H. Barratt	Senior VP & CFO J. E. Samath
VP, Principal Accounting Officer & Corporate Controller F. Widman	President D. J. Rosa

Board Members	
A. L. Ladd	K. R. Leonard
A. M. Johnson	L. Chew
C. H. Barratt	M. J. Rubash
G. S. Guthart	M. P. Reed
J. C. Beery	S. Kolli
J. D. Nachtsheim	

Domicile Delaware	Auditor PricewaterhouseCoopers LLP
Founded 1995	
Employees 13,676	
Stockholders 132	



Intuitive Surgical, Inc.

Quantitative Evaluations						
Fair Value Rank		1	2	3	4	5
		LOWEST		HIGHEST		
		Based on CFRA's proprietary quantitative model, stocks are ranked from most overvalued [1] to most undervalued [5].				
Fair Value Calculation	USD 304.65	Analysis of the stock's current worth, based on CFRA's proprietary quantitative model suggests that ISRG is overvalued by USD 82.05 or 21.22%				
Volatility		LOW		AVERAGE		HIGH
Technical Evaluation	BULLISH	Since December, 2023, the technical indicators for ISRG have been BULLISH"				
Insider Activity		UNFAVORABLE		NEUTRAL		FAVORABLE

Expanded Ratio Analysis					
	2023	2022	2021	2020	
Price/Sales	16.92	15.44	23.02	22.59	
Price/EBITDA	55.59	49.03	61.75	74.55	
Price/Pretax Income	61.55	59.78	69.53	81.56	
P/E Ratio	59.08	56.70	72.44	80.52	
Avg. Diluted Shares Outstg. [M]	357.40	362.00	365.80	361.00	
Figures based on fiscal year-end price					
Key Growth Rates and Averages					
Past Growth Rate [%]		1 Year	3 Years	5 Years	
Net Income		35.98	19.24	9.78	
Sales		14.49	17.80	13.85	
Ratio Analysis [Annual Avg.]					
Net Margin [%]		25.24	25.45	26.29	
% LT Debt to Capitalization		N/A	N/A	N/A	
Return on Equity [%]		14.83	14.14	14.54	

Company Financials Fiscal year ending Dec 31										
Per Share Data [USD]	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Tangible Book Value	36.67	30.41	32.11	26.39	22.54	18.55	13.51	15.88	12.09	9.43
Free Cash Flow	2.13	2.69	4.91	3.26	3.39	2.88	2.84	3.00	2.17	1.68
Earnings	5.03	3.65	4.66	2.94	3.85	3.16	1.92	2.09	1.73	1.23
Earnings [Normalized]	5.71	4.68	4.96	3.39	4.25	3.66	3.00	2.48	2.14	1.79
Dividends	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Payout Ratio [%]	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Prices: High	358.07	366.15	369.69	275.60	200.53	193.71	135.02	80.81	62.76	60.14
Prices: Low	222.65	180.07	227.47	120.17	148.82	121.70	69.41	55.78	49.67	38.50
P/E Ratio: High	62.70	78.20	74.50	81.40	47.10	52.90	45.10	32.50	29.30	33.60
P/E Ratio: Low	39.00	38.50	45.90	35.50	35.00	33.20	23.20	22.50	23.20	21.50
Income Statement Analysis [Million USD]										
Revenue	7,124	6,222	5,710	4,358	4,478	3,724	3,138	2,706	2,367	2,132
Operating Income	1,767	1,605	1,821	1,050	1,374	1,245	1,063	962.00	753.00	627.00
Depreciation + Amortization	402.00	354.00	307.00	271.00	200.00	120.00	95.00	89.00	86.00	74.00
Interest Expense	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Pretax Income	1,959	1,607	1,890	1,207	1,502	1,280	1,105	985.00	758.00	549.00
Effective Tax Rate	7.20	16.30	8.60	11.60	8.00	12.10	39.30	25.10	22.40	23.70
Net Income	1,798	1,322	1,705	1,061	1,379	1,128	671.00	738.00	589.00	419.00
Net Income [Normalized]	1,210	1,030	1,165	713.70	932.60	832.00	703.80	623.40	482.30	399.90
Balance Sheet and Other Financial Data [Million USD]										
Cash	5,223	4,118	4,231	5,172	3,222	3,063	1,961	2,555	1,560	1,232
Current Assets	7,888	6,253	5,845	6,626	4,663	4,333	2,809	3,250	2,196	1,812
Total Assets	15,442	12,974	13,555	11,169	9,733	7,847	5,777	6,487	4,907	3,959
Current Liabilities	1,659	1,422	1,150	965.00	1,030	821.00	663.00	596.00	492.00	501.00
Long Term Debt	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Total Capital	13,487	11,206	12,038	9,839	8,285	6,688	4,780	5,778	4,320	3,379
Capital Expenditures	1,064	532.00	340.00	342.00	426.00	187.00	191.00	54.00	81.00	106.00
Cash from Operations	1,814	1,491	2,089	1,485	1,598	1,170	1,144	1,087	806.00	665.00
Current Ratio	4.76	4.40	5.08	6.86	4.53	5.28	4.24	5.45	4.46	3.62
% Long Term Debt of Capitalization	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
% Net Income of Revenue	25.20	21.30	29.90	24.30	30.80	30.30	21.40	27.30	24.90	19.60
% Return on Assets	7.77	7.56	9.21	6.28	9.77	11.42	10.83	10.55	10.62	9.91
% Return on Equity	14.80	11.70	15.90	11.80	18.50	19.60	12.70	14.60	15.30	12.20

Source: S&P Global Market Intelligence. Data may be preliminary or restated; before results of discontinued operations/special items. Per share data adjusted for stock dividends; EPS diluted. E-Estimated. NA-Not Available. NM-Not Meaningful. NR-Not Ranked. UR-Under Review.

Sub-Industry Outlook

Our fundamental outlook for the health care equipment (i.e., medical devices) sub-industry for the next 12 months is neutral. We anticipate a tailwind from a continued recovery in elective procedures. We also see a considerable gap in at-home Covid-19 test sales as the public health emergency ended on May 11, 2023, when many Americans stopped receiving free testing, including at-home kits, as well as pharmaceutical Covid-19 treatments. Free testing resumed during the peak Covid-19 season temporarily in September 2023. However, from a macroeconomic standpoint, we anticipate easing inflation throughout 2024 to serve as a tailwind. Following some improvement seen in supply chains post-Covid, we are now concerned about the implications of the Red Sea shipping crisis due to its potential impact on orders (delays and cancellations) and costs.

On average, we think EPS performance turned the corner and should rise by 5% in 2023 vs. a 3% decline in 2022. Over the medium term, we expect growth to moderate back toward historical levels as the pandemic reaches an endemic state and elective procedure volumes return to normal levels. Though there may be new Covid-19 variants, we don't expect procedure volumes to decline substantially. Meanwhile, diagnostics companies continue to benefit from the sales of Covid-19 tests, though these sales are sharply declining on a Y/Y basis.

A near-term trend benefiting the industry is strong outpatient care activity, especially care for seniors. For example, there is growth in hip and knee surgeries and related equipment. In the long run, we generally see positive fundamental trends for medical device manufacturers, including increasing global demand for cost-effective value-based health care, aging populations, and rising R&D outlays, which have resulted in a steady flow of innovative products and revenue growth.

The peak of the pandemic was particularly advantageous for medical device companies that were heavily exposed to Covid-19-related sales, and less so for companies exposed to elective

procedure volumes. In the long run, we think there will likely still be demand for Covid-19 testing since physicians will require tests for treatment purposes.

We continue to see little regulatory or legislative risk to the medical device industry, especially after the most recent challenge to the Affordable Care Act (ACA) was dismissed by the Supreme Court.

Meanwhile, the M&A environment appears to be lukewarm, with deal counts down in recent years. However, we think deal counts bottomed in 2022 and began to turn a corner in 2023. M&A activity is likely to center on companies looking to take advantage of trends accelerated by the pandemic, such as the adoption of remote monitoring and telehealth.

Starting in 2024, we expect the medical device industry to grow sales in the range of 6%-8% annually, driven by recovering demand, new product sales, growing emerging market exposure, and some Covid-19 test sales. On average, we expect operating margins in 2024 to be slightly higher than 2019 levels (pre-pandemic), particularly for companies heavily exposed to elective procedures.

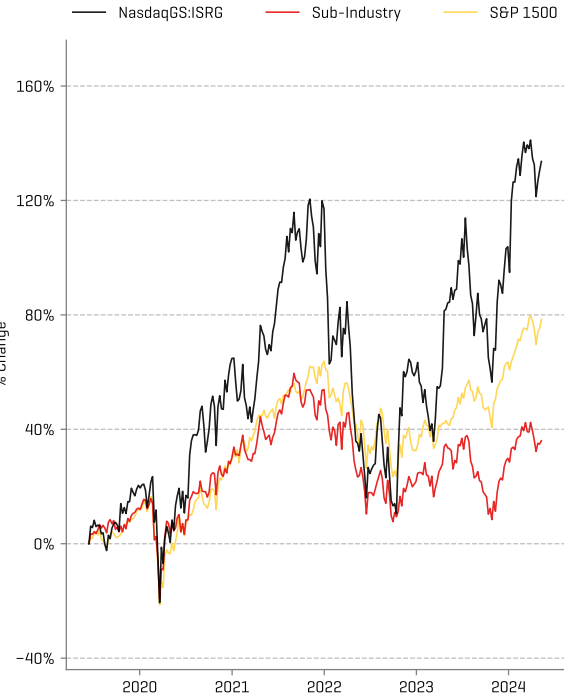
Year to date through January 19, the S&P 1500 Health Care Equipment Index performance was +3.0% vs. +2.1% for the Health Care Sector and +1.2% for the S&P 1500 Composite Index. In 2023, the Health Care Equipment Index rose by 6.7% compared to the 23.4% expansion for the S&P 1500 Composite Index; the Health Care Sector index rose by 0.3% in 2023.

/ Sel Hardy

Industry Performance

GICS Sector: Health Care
Sub-Industry: Health Care Equipment

Based on S&P 1500 Indexes
Five-Year market price performance through May 11, 2024



NOTE: A sector chart appears when the sub-industry does not have sufficient historical index data.
All Sector & Sub-Industry information is based on the Global Industry Classification Standard (GICS).
Past performance is not an indication of future performance and should not be relied upon as such.
Source: CFRA, S&P Global Market Intelligence

Sub-Industry: Health Care Equipment Peer Group*: Health Care Equipment

Peer Group	Stock Symbol	Exchange	Currency	Recent Stock Price	Stk. Mkt. Cap. [M]	30-Day Price Chg. [%]	1-Year Price Chg. [%]	P/E Ratio	Fair Value Calc.	Yield [%]	Return on Equity [%]	LTD to Cap [%]
Intuitive Surgical, Inc.	ISRG	NasdaqGS	USD	385.45	134,919.0	-1.4	27.4	64.0	304.65	N/A	15.8	N/A
Abbott Laboratories	ABT	NYSE	USD	104.67	182,557.0	-6.9	-5.4	24.0	77.93	2.1	14.8	23.6
Becton, Dickinson and Company	BDX	NYSE	USD	235.00	67,506.0	-4.4	-6.4	19.0	187.51	1.6	5.4	36.6
Boston Scientific Corporation	BSX	NYSE	USD	74.10	106,911.0	7.9	39.2	35.0	52.18	N/A	9.2	30.6
DexCom, Inc.	DXCM	NasdaqGS	USD	128.14	50,673.0	-8.8	4.5	77.0	104.33	N/A	28.5	50.4
Edwards Lifesciences Corporation	EW	NYSE	USD	87.42	51,275.0	-6.0	-1.6	34.0	55.25	N/A	21.3	7.6
GE HealthCare Technologies Inc.	GEHC	NasdaqGS	USD	82.73	37,024.0	-4.8	9.0	24.0	45.69	0.1	22.4	47.8
IDEXX Laboratories, Inc.	IDXX	NasdaqGS	USD	500.82	40,226.0	-3.6	3.2	48.0	462.93	N/A	71.9	23.5
Medtronic plc	MDT	NYSE	USD	82.76	108,284.0	-1.2	-7.4	16.0	76.62	3.3	8.2	31.2
ResMed Inc.	RMD	NYSE	USD	216.84	31,274.0	11.6	-7.1	30.0	195.63	0.9	22.4	17.2
Stryker Corporation	SYK	NYSE	USD	330.86	125,439.0	-5.7	15.8	30.0	244.47	1.0	18.6	33.2

*For Peer Groups with more than 10 companies or stocks, selection of issues is based on market capitalization.
NA-Not Available; NM-Not Meaningful.
Note: Peers are selected based on Global Industry Classification Standards and market capitalization. The peer group list includes companies with similar characteristics, but may not include all the companies within the same industry and/or that engage in the same line of business.

Intuitive Surgical, Inc.**Analyst Research Notes and other Company News****April 18, 2024**

05:05 PM ET... CFRA Keeps Hold Opinion on Shares of Intuitive Surgical, Inc. [ISRG 372.85***]:

We maintain our 12-month target price at \$380, 51.0x our 2025 EPS estimate, above ISRG's 10-year historical forward average. We lower our 2024 EPS view to \$6.41 from \$6.55 and keep our 2025 EPS view at \$7.45. ISRG reported Q1 EPS of \$1.50 versus \$1.23 [+22% Y/Y], exactly in line with our estimate and \$0.08 above the S&P Capital IQ consensus view. Q1 revenues of \$1.89B [+11% Y/Y] were close to expectations, \$80M below our forecast and \$20M above consensus. Healthy growth in da Vinci procedures continued globally, up 16% Y/Y and system install base rose by 14% Y/Y to 8,887 systems. In March, ISRG received U.S. FDA clearance for its next-generation robotic surgical system, the da Vinci 5, which includes a number of enhancements compared to the previous versions. We think the news has had a limited impact on the share price so far, as only a limited number were made available to U.S. customers initially. While the launch is expected to first take place in the U.S., we do not expect it to take place during 2024. / Sel Hardy

January 23, 2024

11:46 PM ET... CFRA Lowers Opinion on Shares of Intuitive Surgical, Inc. to Hold from Buy [ISRG 371.66***]:

We raise our target price to \$380 from \$355, 51.0x our 2025 EPS estimate, above ISRG's 10-year historical forward average. We keep our 2024 EPS view at \$6.55 and initiate our 2025 EPS view at \$7.45. Da Vinci procedures grew by a remarkable 22% Y/Y in 2023, in line with preannounced results on Jan. 9 but slightly above our earlier expectation of 21.5% due to high growth in U.S. general surgeries and cancer procedures internationally. ISRG posted Q4 EPS of \$1.60 versus \$1.23, a noteworthy +30% Y/Y, exceeding the consensus and our estimate by \$0.11, driven by robust worldwide Da Vinci procedure growth of 21% Y/Y during the quarter. Q4 revenues of \$1.93B came in line with our expectations, up +17% Y/Y as procedure volume continued to increase, while ISRG was able to charge higher pricing for instruments and pricing. Following the nearly 24% appreciation since we gave our Buy view for ISRG shares in April, we change our view to Hold as we see limited upside potential from current levels. / Sel Hardy

December 15, 2023

03:20 PM ET... CFRA Keeps Buy Opinion on Shares of Intuitive Surgical, Inc. [ISRG 324.15***]:

We raise our 12-month target price to \$355 from \$306, 54.2x our 2024 EPS estimate, slightly above ISRG's historical forward average, justified by expectations for solid EPS growth and robust uptrends in net procedure volumes. We increase our 2023 EPS estimate by \$0.03 to \$5.60 and our 2024 EPS view by \$0.05 to \$6.55. While we believe GLP-1 drugs are a risk factor for bariatric surgery growth in the near term, due to their low percentage in total global procedures [4%-5% according to ISRG], we see limited concern at this point. In addition, we think it is too early to conclude if the slowing growth rate in bariatric surgeries in the U.S. is temporary as patients evaluate these new drugs, or if it becomes a continuing trend. We view ISRG as one of the best-run medical device companies with its defensive competitive position, and we see a number of avenues for growth in the long run. / Sel Hardy

October 20, 2023

12:58 PM ET... CFRA Reiterates Buy Opinion on Shares of Intuitive Surgical, Inc. [ISRG 265.50***]:

We trim our 12-month target price to \$306 from \$395, 47.1x our 2024 EPS estimate, in line with ISRG's historical forward average. We lift our EPS estimate for 2023 by \$0.03 to \$5.57 and for 2024 by \$0.06 to \$6.50. ISRG reported Q3 EPS of \$1.46 versus \$1.19, exceeding the S&P Capital IQ consensus estimate by \$0.04. Results were driven by 19% Y/Y growth in da Vinci procedures globally, despite lower patient backlog than earlier in the year, with outside-U.S. procedures growth of 24% due to strength in India, Germany, the U.K., and Japan. Further, the installed base of da Vinci Systems grew 13% Y/Y and average system utilization expanded 6% in the quarter. We forecast full-year 2023 procedure growth of 21.5%, up 50 basis points from our previous forecast, due to elevated procedure volumes with patients returning to health care, partially offset by the continued slowing of bariatric growth rates in the U.S. due to weight loss drugs [though we note bariatric surgery comprises just 4%-5% of total global procedures]. / Paige Meyer

July 21, 2023

12:19 PM ET... CFRA Keeps Buy Opinion on Shares of Intuitive Surgical, Inc. [ISRG

337.86***]:

We lift our 12-month target price by \$45 to \$395, 61.3x our 2024 EPS forecast, a premium to ISRG's five-year historical forward average due to growing procedure volumes. We raise our EPS estimates in 2023 to \$5.54 from \$5.47 and in 2024 to \$6.44 from \$6.25. Q2 EPS of \$1.42 versus \$1.14, beat the S&P Capital IQ consensus estimate by \$0.09 driven by solid worldwide da Vinci procedure growth of approximately 22% year-over-year. Areas of strength in the quarter included general surgery and gynecology for benign conditions, particularly in the United States. Global procedure growth was also strong, led by a recovery in China and continued strength in Japan, Germany, and the U.K. In addition, system utilization [defined as procedures per installed clinical system per quarter] grew 9% Y/Y, reaching a new high as customers adopt a broad mix of procedures on ISRG's systems. We anticipate strong growth to continue for Ion procedures in 2H 2023, following the first U.K. installation of the Ion System and first cases. / Paige Meyer

April 19, 2023

01:11 PM ET... CFRA Lifts Opinion on Shares of Intuitive Surgical, Inc. to Buy from Hold [ISRG 300.58***]:

We raise our 12-month target price to \$350 from \$262, reflecting 64.0x our 2023 EPS estimate, a premium to ISRG's five-year historical forward average. We lift our adjusted EPS forecast in 2023 to \$5.47 from \$5.34 and narrow our 2024 forecast to \$6.25 from \$6.32. ISRG posts Q1 EPS of \$1.23 versus \$1.13, exceeding the consensus estimate by \$0.03, driven by stronger sales in the quarter than expected. Worldwide, ISRG placed 312 da Vinci systems and 55 Ion systems in Q1 2023 versus 311 da Vinci systems and 34 Ion systems in Q1 2022. Encouragingly, ISRG is noticing a commitment by its hospital customers to work through staffing constraints to maintain surgical volume. In addition, ISRG is seeing the return of patients to health care providers and some diagnostic pipelines running above pre-pandemic levels after several years of lag, which we view as positive signals of future demand. Our revised opinion reflects our view of a stronger growth outlook given these signs of improved demand. / Paige Meyer

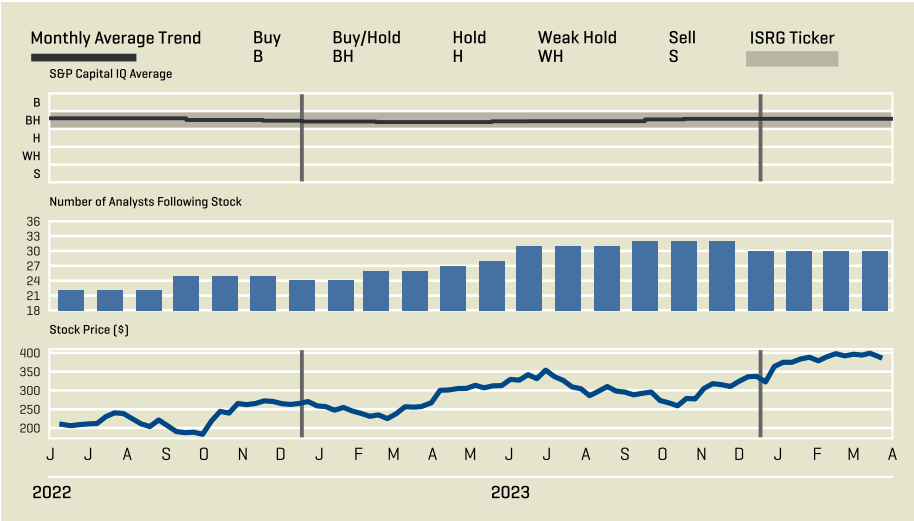
January 25, 2023

11:02 AM ET... CFRA Maintains Hold Opinion on Shares of Intuitive Surgical, Inc. [ISRG 242.95***]:

We widen our 12-month target price by \$62 to \$262, reflecting a P/E of 49.1x our 2023 EPS estimate, above ISRG's five-year historical forward average. We trim our adjusted EPS estimate in 2023 by \$0.26 to \$5.34 and initiate our 2024 estimate at \$6.32. ISRG closes out 2022 with Q4 EPS of \$1.23 vs. \$1.30, \$0.02 shy of the consensus estimate. Costs increased in the quarter relative to last year with gross margin impacted by challenging supply chain environment, supply and inventory challenges, and higher fixed costs relative to revenue due to manufacturing-related inefficiencies, as well as higher operating expenses from an increased headcount, higher travel costs, increased customer training activities, and higher R&D-related project costs. We anticipate rising costs will continue into 2023 from a significant increase in expenses from clinical trials and higher capital expenditures of around \$900 million to expand manufacturing facilities vs. \$530 million capex in 2022. / Paige Meyer

Note: Research notes reflect CFRA's published opinions and analysis on the stock at the time the note was published. The note reflects the views of the equity analyst as of the date and time indicated in the note, and may not reflect CFRA's current view on the company.

Analysts Recommendations



Wall Street Consensus Opinion

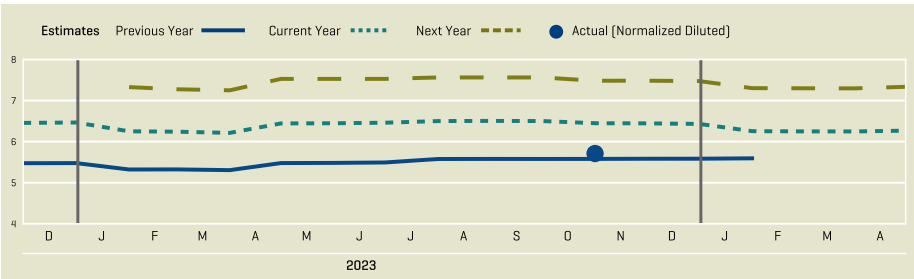
Buy/Hold

Wall Street Consensus vs. Performance

For fiscal year 2024, analysts estimate that ISRG will earn USD 6.27. For fiscal year 2025, analysts estimate that ISRG's earnings per share will grow by 17.02% to USD 7.33.

	No. of Recommendations	% of Total	1 Mo.Prior	3 Mos.Prior
Buy	13	45	13	14
Buy/Hold	7	24	7	6
Hold	8	28	9	9
Weak hold	1	3	1	0
Sell	0	0	0	1
No Opinion	0	0	0	0
Total	29	100	30	30

Wall Street Consensus Estimates



Fiscal Year	Avg Est.	High Est.	Low Est.	# of Est.	Est. P/E
2025	7.33	7.75	6.87	23	52.56
2024	6.27	6.38	6.16	23	61.51
2025 vs. 2024	▲ 17%	▲ 22%	▲ 11%	N/A%	▼ -15%
Q2'25	1.81	1.91	1.74	13	213.17
Q2'24	1.54	1.61	1.48	23	250.71
Q2'25 vs. Q2'24	▲ 18%	▲ 19%	▲ 18%	▼ -43%	▼ -15%

Forecasts are not reliable indicator of future performance.
Note: A company's earnings outlook plays a major part in any investment decision. S&P Global Market Intelligence organizes the earnings estimates of over 2,300 Wall Street analysts, and provides their consensus of earnings over the next two years, as well as how those earnings estimates have changed over time. Note that the information provided in relation to consensus estimates is not intended to predict actual results and should not be taken as a reliable indicator of future performance.

Note: For all tables, graphs and charts in this report that do not cite any reference or source, the source is S&P Global Market Intelligence.

Intuitive Surgical, Inc.

Glossary

STARS

Since January 1, 1987, CFRA Equity and Fund Research Services, and its predecessor S&P Capital IQ Equity Research has ranked a universe of U.S. common stocks, ADRs [American Depositary Receipts], and ADSs [American Depositary Shares] based on a given equity's potential for future performance. Similarly, we have ranked Asian and European equities since June 30, 2002. Under proprietary STARS [Stock Appreciation Ranking System], equity analysts rank equities according to their individual forecast of an equity's future total return potential versus the expected total return of a relevant benchmark [e.g., a regional index [MSCI AC Asia Pacific Index, MSCI AC Europe Index or S&P 500® Index]], based on a 12-month time horizon. STARS was designed to help investors looking to put their investment decisions in perspective. Data used to assist in determining the STARS ranking may be the result of the analyst's own models as well as internal proprietary models resulting from dynamic data inputs.

S&P Global Market Intelligence's Quality Ranking

[also known as **S&P Capital IQ Earnings & Dividend Rankings**] - Growth and S&P Capital IQ Earnings & Dividend Rankings stability of earnings and dividends are deemed key elements in establishing S&P Global Market Intelligence's earnings and dividend rankings for common stocks, which are designed to capsule the nature of this record in a single symbol. It should be noted, however, that the process also takes into consideration certain adjustments and modifications deemed desirable in establishing such rankings. The final score for each stock is measured against a scoring matrix determined by analysis of the scores of a large and representative sample of stocks. The range of scores in the array of this sample has been aligned with the following ladder of rankings:

A+	Highest	B	Below Average
A	High	B-	Lower
A	Above	C	Lowest
B+	Average	D	In Reorganization
NC	Not Ranked		

EPS Estimates

CFRA's earnings per share [EPS] estimates reflect analyst projections of future EPS from continuing operations, and generally exclude various items that are viewed as special, non-recurring, or extraordinary. Also, EPS estimates reflect either forecasts of equity analysts; or, the consensus [average] EPS estimate, which are independently compiled by S&P Global Market Intelligence, a data provider to CFRA. Among the items typically excluded from EPS estimates are asset sale gains; impairment, restructuring or merger-related charges; legal and insurance settlements; in process research and development expenses; gains or losses on the extinguishment of debt; the cumulative effect of accounting changes; and earnings related to operations that have been classified by the company as discontinued. The inclusion of some items, such as stock option expense and recurring types of other charges, may vary, and depend on such factors as industry practice, analyst judgment, and the extent to which some types of data is disclosed by companies.

12-Month Target Price

The equity analyst's projection of the market price a given security will command 12 months hence, based on a combination of intrinsic, relative, and private market valuation metrics.

Abbreviations Used in Equity Research Reports

- CAGR - Compound Annual Growth Rate
- CAPEX - Capital Expenditures
- CY - Calendar Year
- DCF - Discounted Cash Flow
- DDM - Dividend Discount Model
- EBIT - Earnings Before Interest and Taxes
- EBITDA - Earnings Before Interest, Taxes, Depreciation & Amortization
- EPS - Earnings Per Share
- EV - Enterprise Value
- FCF - Free Cash Flow
- FFO - Funds From Operations
- FY - Fiscal Year
- P/E - Price/Earnings
- P/NAV - Price to Net Asset Value
- PEG Ratio - P/E-to-Growth Ratio
- PV - Present Value
- R&D - Research & Development
- ROCE - Return on Capital Employed
- ROE Return on Equity
- ROI - Return on Investment
- ROIC - Return on Invested Capital
- ROA - Return on Assets
- SG&A - Selling, General & Administrative Expenses
- SOTP - Sum-of-The-Parts
- WACC - Weighted Average Cost of Capital

Dividends on American Depositary Receipts (ADRs) and American Depositary Shares (ADSs) are net of taxes [paid in the country of origin].

Qualitative Risk Assessment

Reflects an equity analyst's view of a given company's operational risk, or the risk of a firm's ability to continue as an ongoing concern. The Qualitative Risk Assessment is a relative ranking to the U.S. STARS universe, and should be reflective of risk factors related to a company's operations, as opposed to risk and volatility measures associated with share prices. For an ETF this reflects on a capitalization-weighted basis, the average qualitative risk assessment assigned to holdings of the fund.

STARS Ranking system and definition:

★★★★★ 5-STARS (Strong Buy):

Total return is expected to outperform the total return of a relevant benchmark, by a notable margin over the coming 12 months, with shares rising in price on an absolute basis.

★★★★★ 4-STARS (Buy):

Total return is expected to outperform the total return of a relevant benchmark over the coming 12 months.

★★★★★ 3-STARS (Hold):

Total return is expected to closely approximate the total return of a relevant benchmark over the coming 12 months.

★★★★★ 2-STARS (Sell):

Total return is expected to underperform the total return of a relevant benchmark over the coming 12 months.

★★★★★ 1-STAR (Strong Sell):

Total return is expected to underperform the total return of a relevant benchmark by a notable margin over the coming 12 months, with shares falling in price on an absolute basis.

Relevant benchmarks:

In North America, the relevant benchmark is the S&P 500 Index, in Europe and in Asia, the relevant benchmarks are the MSCI AC Europe Index and the MSCI AC Asia Pacific Index, respectively.



Intuitive Surgical, Inc.

Disclosures

Stocks are ranked in accordance with the following ranking methodologies:

STARS Stock Reports:

Qualitative STARS rankings are determined and assigned by equity analysts. For reports containing STARS rankings refer to the Glossary section of the report for detailed methodology and the definition of STARS rankings.

Quantitative Stock Reports:

Quantitative rankings are determined by ranking a universe of common stocks based on 5 measures or model categories: Valuation, Quality, Growth, Street Sentiment, and Price Momentum. In the U.S., a sixth sub-category for Financial Health will also be displayed. Percentile scores are used to compare each company to all other companies in the same universe for each model category. The five (six) model category scores are then weighted and rolled up into a single percentile ranking for that company. For reports containing quantitative rankings refer to the Glossary section of the report for detailed methodology and the definition of Quantitative rankings.

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STARS Stock Reports:

Global STARS Distribution as of March 31, 2024

Ranking	North America	Europe	Asia	Global
Buy	37.6%	34.7%	44.1%	38.5%
Hold	52.6%	52.5%	50.6%	52.1%
Sell	9.7%	12.8%	5.4%	9.4%
Total	100.0%	100.0%	100.0%	100.0%

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Intuitive Surgical, Inc.

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