

# TheStreet Quant Ratings

## INTUITIVE SURGICAL INC

BUY					HOLD					SELL					BUY	RATING SINCE	11/09/2021
A+	A	A-	B+	B	B-	C+	C	C-	D+	D	D-	E+	E	E-		F	TARGET PRICE
Annual Dividend Rate NA		Annual Dividend Yield NA			Beta 1.05			Market Capitalization \$128.2 Billion			52-Week Range \$227.47-\$369.69			Price as of 11/18/2021 \$359.20			

Sector: **Manufacturing** | Industry Group: **Navigational, Measuring, Electromedical, Instruments Manufacturing**

### ISRG BUSINESS DESCRIPTION

Intuitive Surgical, Inc., together with its subsidiaries, designs, develops, manufactures, and markets da Vinci surgical systems, and related instruments and accessories in the United States and internationally.

### STOCK PERFORMANCE (%)

	3 Mo.	1 Yr.	3 Yr (Ann)
Price Change	3.68	46.94	27.61

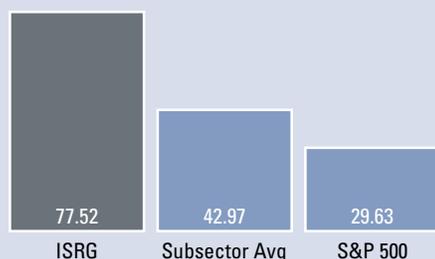
### GROWTH (%)

	Last Qtr	12 Mo.	3 Yr CAGR
Revenues	27.48	25.02	15.40
Net Income	21.21	60.40	28.08
EPS	19.99	58.31	27.16

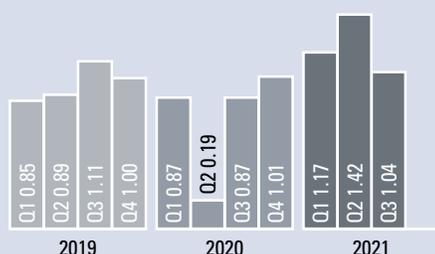
### RETURN ON EQUITY (%)

	ISRG	Subsector Avg	S&P 500
Q3 2021	14.80	149.93	16.80
Q3 2020	11.38	41.05	11.22
Q3 2019	16.93	33.64	15.63

### P/E COMPARISON



### EPS ANALYSIS<sup>1</sup> (\$)

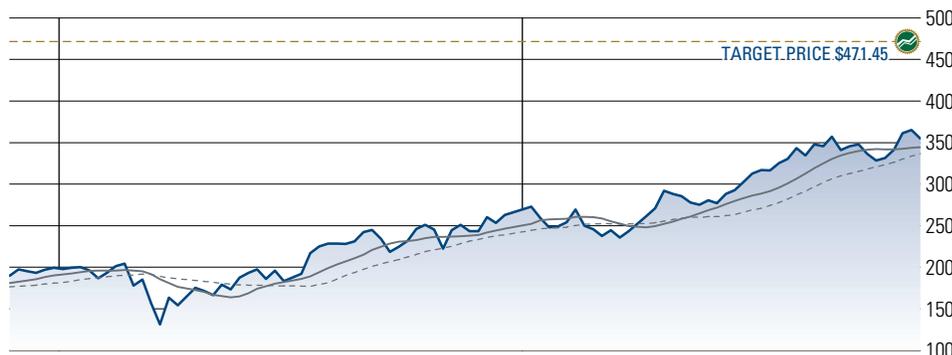


NA = not available NM = not meaningful

1 Compustat fiscal year convention is used for all fundamental data items.

Weekly Price: (US\$) | SMA (50) — SMA (100) ---

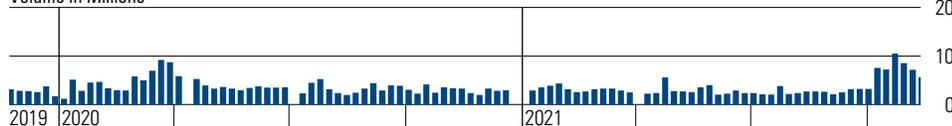
1 Year | 2 Years



### Rating History



### Volume in Millions



COMPUSTAT for Price and Volume, TheStreet Ratings, Inc. for Rating History

### RECOMMENDATION

We rate INTUITIVE SURGICAL INC (ISRG) a BUY. This is driven by a number of strengths, which we believe should have a greater impact than any weaknesses, and should give investors a better performance opportunity than most stocks we cover. The company's strengths can be seen in multiple areas, such as its robust revenue growth, expanding profit margins, good cash flow from operations, solid stock price performance and impressive record of earnings per share growth. Although the company may harbor some minor weaknesses, we feel they are unlikely to have a significant impact on results.

### HIGHLIGHTS

The revenue growth came in higher than the subsector average of 14.2%. Since the same quarter one year prior, revenues rose by 27.5%. Growth in the company's revenue appears to have helped boost the earnings per share.

The gross profit margin for INTUITIVE SURGICAL INC is rather high; currently it is at 69.22%. It has increased from the same quarter the previous year. Along with this, the net profit margin of 27.11% is above that of the subsector average.

Net operating cash flow has significantly increased by 82.59% to \$501.40 million when compared to the same quarter last year. In addition, INTUITIVE SURGICAL INC has also vastly surpassed the subsector average cash flow growth rate of -6.47%.

Investors have apparently begun to recognize positive factors similar to those we have mentioned in this report, including earnings growth. This has helped drive up the company's shares by a sharp 46.93% over the past year, a rise that has exceeded that of the S&P 500 Index. We feel that the stock's sharp appreciation over the last year has driven it to a price level which is now somewhat expensive compared to the rest of its subsector. The other strengths this company shows, however, justify the higher price levels.

INTUITIVE SURGICAL INC has improved earnings per share by 20.0% in the most recent quarter compared to the same quarter a year ago. This company has reported somewhat volatile earnings recently. But, we feel it is poised for EPS growth in the coming year. During the past fiscal year, INTUITIVE SURGICAL INC reported lower earnings of \$2.94 versus \$3.85 in the prior year. This year, the market expects an improvement in earnings (\$4.95 versus \$2.94).

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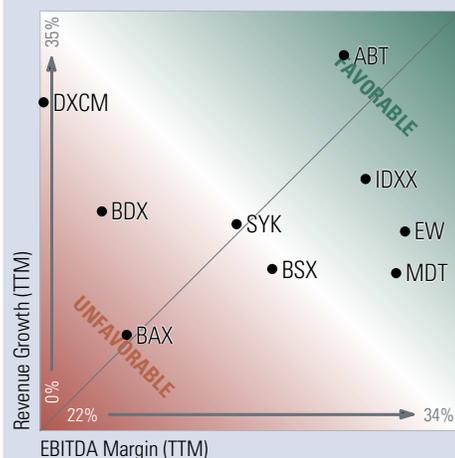
## INTUITIVE SURGICAL INC

Sector: Manufacturing | Navigational, Measuring, Electromedical, Instruments Manufacturing

Annual Dividend Rate <b>NA</b>	Annual Dividend Yield <b>NA</b>	Beta <b>1.05</b>	Market Capitalization <b>\$128.2 Billion</b>	52-Week Range <b>\$227.47-\$369.69</b>	Price as of 11/18/2021 <b>\$359.20</b>
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### PEER GROUP ANALYSIS

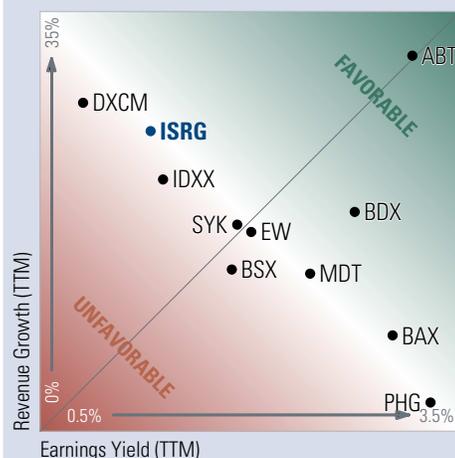
#### REVENUE GROWTH AND EBITDA MARGIN\*



Companies with higher EBITDA margins and revenue growth rates are outperforming companies with lower EBITDA margins and revenue growth rates. Companies for this scatter plot have a market capitalization between \$38.8 Billion and \$225.7 Billion. Companies with NA or NM values do not appear.

\*EBITDA – Earnings Before Interest, Taxes, Depreciation and Amortization.

#### REVENUE GROWTH AND EARNINGS YIELD



Companies that exhibit both a high earnings yield and high revenue growth are generally more attractive than companies with low revenue growth and low earnings yield. Companies for this scatter plot have revenue growth rates between 2.4% and 31.3%. Companies with NA or NM values do not appear.

### SUBSECTOR ANALYSIS

INTUITIVE SURGICAL INC falls within the Manufacturing sector and the Navigational, Measuring, Electromedical, Instruments Manufacturing industry group of the North American Industry Classification System or NAICS. More precisely, a significant portion of company activities involve Electromedical and Electrotherapeutic Apparatus Manufacturing.

TheStreet Quant Ratings is currently tracking 2103 companies in the Manufacturing sector that total around \$27,009 billion in market capitalization as well as \$9,673 billion in annual sales.

The Computer and Electronic Product Manufacturing subsector accounts for 18.0% of those revenues.

Industries in the Computer and Electronic Product Manufacturing subsector group establishments that manufacture computers, computer peripherals, communications equipment, and similar electronic products, and establishments that manufacture components for such products. The Computer and Electronic Product Manufacturing industries have attained economic significance. Their rapid growth suggests that they will become even more important to the economies of all three North American countries in the future, and in addition their manufacturing processes are fundamentally different from the manufacturing processes of other machinery and equipment. The design and use of integrated circuits and the application of highly specialized miniaturization technologies are common elements in the production technologies of the Computer and Electronic Product Manufacturing subsector. Digitalization of sound recording includes the technologies for recording, storing, transmitting, and manipulating data.

#### PEER GROUP: Computer and Electronic Product Manufacturing

Ticker	Company Name	Recent Price (\$)	Market Cap (\$M)	Price/Earnings	Net Sales TTM (\$M)	Net Income TTM (\$M)
<b>ISRG</b>	<b>INTUITIVE SURGICAL INC</b>	<b>359.20</b>	<b>128,224</b>	<b>77.52</b>	<b>5,486.80</b>	<b>1,689.20</b>
SYK	STRYKER CORP	259.70	97,969	52.25	16,669.00	1,900.00
BDX	BECTON DICKINSON & CO	249.36	73,206	36.40	20,248.00	2,092.00
EW	EDWARDS LIFESCIENCES CORP	117.03	73,066	49.80	5,094.50	1,477.30
DXCM	DEXCOM INC	648.41	62,845	123.98	2,319.20	529.30
BSX	BOSTON SCIENTIFIC CORP	41.21	59,855	53.52	11,470.00	1,156.00
IDXX	IDEXX LABS INC	634.00	53,759	72.62	3,135.21	756.86
BAX	BAXTER INTERNATIONAL INC	79.11	39,610	33.10	12,451.00	1,214.00
PHG	KONINKLIJKE PHILIPS NV	42.28	38,788	30.42	21,809.49	4,410.01
ABT	ABBOTT LABORATORIES	127.64	225,704	31.67	42,308.00	7,244.00
MDT	MEDTRONIC PLC	117.67	158,361	41.14	31,597.00	3,882.00

The peer group comparison is based on Major Computer and Electronic Product Manufacturing companies of comparable size.

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### COMPANY DESCRIPTION

Intuitive Surgical, Inc., together with its subsidiaries, designs, develops, manufactures, and markets da Vinci surgical systems, and related instruments and accessories in the United States and internationally. The company's da Vinci Surgical System include surgeon's consoles, patient-side carts, 3-D HD vision systems, skills simulators, da Vinci Xi integrated table motions, and Firefly fluorescence imaging products that enable surgeons to perform various surgical procedures, including gynecologic, urologic, general, cardiothoracic, and head and neck surgical procedures. It also manufactures EndoWrist instruments, such as forceps, scissors, electrocautery tools, scalpels, and other surgical tools, which incorporate wrist joints for natural dexterity for various surgical procedures; and provides SimNow, a cloud-enabled simulation platform, which allows surgeons to learn and practice their surgical skills; Iris, an augmented reality imaging product for use in kidney procedures; and Intuitive Cloud that enables proactive monitoring and software updates. In addition, the company offers EndoWrist Stapler, a wristed stapling instrument for resection, transection, and creation of anastomoses; EndoWrist One Vessel Sealers that are wristed single-use instruments for bipolar coagulation and mechanical transection of vessels up to 7mm in diameter and tissue bundles that fit in the jaws of the instrument; E-100 generator, an electro-surgical generator; SureForm 45 Curved-Tip stapler; and SynchroSeal for sealing and transection with a single pedal press. Additionally, the company sells various accessories comprising sterile drapes for ensuring sterile field during surgery; and vision products that include replacement 3D stereo endoscopes, camera heads, light guides, and other items that facilitate the use of the da Vinci Surgical System, as well as Ion endoluminal system for biopsies. Intuitive Surgical, Inc. was founded in 1995 and is headquartered in Sunnyvale, California.

### INTUITIVE SURGICAL INC

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<http://www.intuitive.com>  
Employees: 8000

### STOCK-AT-A-GLANCE

Below is a summary of the major fundamental and technical factors we consider when determining our overall recommendation of ISRG shares. It is provided in order to give you a deeper understanding of our rating methodology as well as to paint a more complete picture of a stock's strengths and weaknesses. It is important to note, however, that these factors only tell part of the story. To gain an even more comprehensive understanding of our stance on the stock, these factors must be assessed in combination with the stock's valuation. Please refer to our Valuation section on page 5 for further information.

FACTOR	SCORE					
<b>Growth</b>	<b>5.0</b> out of 5 stars	★	★	★	★	★
Measures the growth of both the company's income statement and cash flow. On this factor, ISRG has a growth score better than 90% of the stocks we rate.		weak				strong
<b>Total Return</b>	<b>4.5</b> out of 5 stars	★	★	★	★	☆
Measures the historical price movement of the stock. The stock performance of this company has beaten 80% of the companies we cover.		weak				strong
<b>Efficiency</b>	<b>5.0</b> out of 5 stars	★	★	★	★	★
Measures the strength and historic growth of a company's return on invested capital. The company has generated more income per dollar of capital than 90% of the companies we review.		weak				strong
<b>Price volatility</b>	<b>5.0</b> out of 5 stars	★	★	★	★	★
Measures the volatility of the company's stock price historically. The stock is less volatile than 90% of the stocks we monitor.		weak				strong
<b>Solvency</b>	<b>5.0</b> out of 5 stars	★	★	★	★	★
Measures the solvency of the company based on several ratios. The company is more solvent than 90% of the companies we analyze.		weak				strong
<b>Income</b>	<b>0.5</b> out of 5 stars	☆	☆	☆	☆	☆
Measures dividend yield and payouts to shareholders. This company pays no dividends.		weak				strong

### THESTREET QUANT RATINGS RESEARCH METHODOLOGY

TheStreet Quant Ratings' stock model projects a stock's total return potential over a 12-month period including both price appreciation and dividends. Our Buy, Hold or Sell ratings designate how we expect these stocks to perform against a general benchmark of the equities market and interest rates. While our model is quantitative, it utilizes both subjective and objective elements. For instance, subjective elements include expected equities market returns, future interest rates, implied industry outlook and forecasted company earnings. Objective elements include volatility of past operating revenues, financial strength, and company cash flows.

Our model gauges the relationship between risk and reward in several ways, including: the pricing drawdown as compared to potential profit volatility, i.e. how much one is willing to risk in order to earn profits; the level of acceptable volatility for highly performing stocks; the current valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's valuation as compared to projected earnings growth; and the financial strength of the underlying company as compared to its stock's performance. These and many more derived observations are then combined, ranked, weighted, and scenario-tested to create a more complete analysis. The result is a systematic and disciplined method of selecting stocks.

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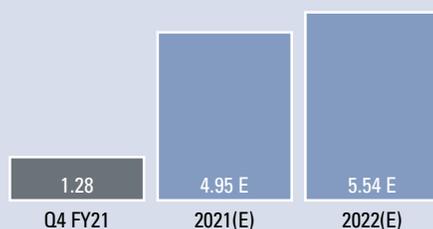
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### Consensus EPS Estimates<sup>2</sup> (\$)

IBES consensus estimates are provided by Thomson Financial



### INCOME STATEMENT

	Q3 FY21	Q3 FY20
Net Sales (\$mil)	1,403.30	1,100.80
EBITDA (\$mil)	NA	NA
EBIT (\$mil)	442.60	298.10
Net Income (\$mil)	380.50	313.90

### BALANCE SHEET

	Q3 FY21	Q3 FY20
Cash & Equiv. (\$mil)	4,132.00	4,718.20
Total Assets (\$mil)	12,934.60	10,617.50
Total Debt (\$mil)	NA	NA
Equity (\$mil)	11,410.90	9,257.80

### PROFITABILITY

	Q3 FY21	Q3 FY20
Gross Profit Margin	69.22%	67.90%
EBITDA Margin	NA	NA
Operating Margin	31.54%	27.08%
Sales Turnover	0.42	0.41
Return on Assets	13.05%	9.91%
Return on Equity	14.80%	11.38%

### DEBT

	Q3 FY21	Q3 FY20
Current Ratio	5.58	7.04
Debt/Capital	NA	NA
Interest Expense	0.00	0.00
Interest Coverage	NA	NA

### SHARE DATA

	Q3 FY21	Q3 FY20
Shares outstanding (mil)	357	353
Div / share	0.00	0.00
EPS	1.04	0.87
Book value / share	31.95	26.26
Institutional Own %	NA	NA
Avg Daily Volume	1,019,243	481,266

<sup>2</sup> Sum of quarterly figures may not match annual estimates due to use of median consensus estimates.

### FINANCIAL ANALYSIS

INTUITIVE SURGICAL INC's gross profit margin for the third quarter of its fiscal year 2021 is essentially unchanged when compared to the same period a year ago. Sales and net income have grown, and although the growth in revenues has outpaced the average competitor within the subsector, the net income growth has not. INTUITIVE SURGICAL INC is extremely liquid. Currently, the Quick Ratio is 4.79 which clearly shows the ability to cover any short-term cash needs. The company's liquidity has decreased from the same period last year.

During the same period, stockholders' equity ("net worth") has increased by 23.25% from the same quarter last year. Overall, the key liquidity measurements indicate that the company is very unlikely to face financial difficulties in the near future.

**STOCKS TO BUY:** TheStreet Quant Ratings has identified a handful of stocks that can potentially TRIPLE in the next 12-months. To learn more visit [www.TheStreetRatings.com](http://www.TheStreetRatings.com).

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### RATINGS HISTORY

Our rating for INTUITIVE SURGICAL INC was recently upgraded from Hold to Buy on 11/9/2021. As of 11/18/2021, the stock was trading at a price of \$359.20 which is 2.8% below its 52-week high of \$369.69 and 57.9% above its 52-week low of \$227.47.

#### 2 Year Chart



### MOST RECENT RATINGS CHANGES

Date	Price	Action	From	To
11/9/21	\$364.15	Upgrade	Hold	Buy
10/6/21	\$334.94	Downgrade	Buy	Hold
11/18/19	\$189.70	No Change	Buy	Buy

Price reflects the closing price as of the date listed, if available

### RATINGS DEFINITIONS & DISTRIBUTION OF THE STREET RATINGS

(as of 11/18/2021)

**44.11% Buy** - We believe that this stock has the opportunity to appreciate and produce a total return of more than 10% over the next 12 months.

**30.23% Hold** - We do not believe this stock offers conclusive evidence to warrant the purchase or sale of shares at this time and that its likelihood of positive total return is roughly in balance with the risk of loss.

**25.66% Sell** - We believe that this stock is likely to decline by more than 10% over the next 12 months, with the risk involved too great to compensate for any possible returns.

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### VALUATION

BUY. INTUITIVE SURGICAL INC's P/E ratio indicates a significant premium compared to an average of 42.97 for the Computer and Electronic Product Manufacturing subsector and a significant premium compared to the S&P 500 average of 29.63. To use another comparison, its price-to-book ratio of 11.24 indicates a significant premium versus the S&P 500 average of 4.74 and a significant discount versus the subsector average of 36.81. The price-to-sales ratio is well above both the S&P 500 average and the subsector average, indicating a premium. The valuation analysis reveals that, INTUITIVE SURGICAL INC seems to be trading at a premium to investment alternatives.

Price/Earnings	1	2	3	4	5
	premium			discount	

**ISRG 77.52** Peers **42.97**

- Premium. A higher P/E ratio than its peers can signify a more expensive stock or higher growth expectations.
- ISRG is trading at a significant premium to its peers.

Price/Projected Earnings	1	2	3	4	5
	premium			discount	

**ISRG 64.84** Peers **34.86**

- Premium. A higher price-to-projected earnings ratio than its peers can signify a more expensive stock or higher future growth expectations.
- ISRG is trading at a significant premium to its peers.

Price/Book	1	2	3	4	5
	premium			discount	

**ISRG 11.24** Peers **36.81**

- Discount. A lower price-to-book ratio makes a stock more attractive to investors seeking stocks with lower market values per dollar of equity on the balance sheet.
- ISRG is trading at a significant discount to its peers.

Price/Sales	1	2	3	4	5
	premium			discount	

**ISRG 23.38** Peers **11.49**

- Premium. In the absence of P/E and P/B multiples, the price-to-sales ratio can display the value investors are placing on each dollar of sales.
- ISRG is trading at a significant premium to its subsector.

Price/CashFlow	1	2	3	4	5
	premium			discount	

**ISRG 59.54** Peers **35.32**

- Premium. The P/CF ratio, a stock's price divided by the company's cash flow from operations, is useful for comparing companies with different capital requirements or financing structures.
- ISRG is trading at a significant premium to its peers.

Price to Earnings/Growth	1	2	3	4	5
	premium			discount	

**ISRG NM** Peers **4.35**

- Neutral. The PEG ratio is the stock's P/E divided by the consensus estimate of long-term earnings growth. Faster growth can justify higher price multiples.
- ISRG's negative PEG ratio makes this valuation measure meaningless.

Earnings Growth	1	2	3	4	5
	lower		higher		

**ISRG 58.31** Peers **107.94**

- Lower. Elevated earnings growth rates can lead to capital appreciation and justify higher price-to-earnings ratios.
- However, ISRG is expected to significantly trail its peers on the basis of its earnings growth rate.

Sales Growth	1	2	3	4	5
	lower		higher		

**ISRG 25.02** Peers **31.40**

- Lower. A sales growth rate that trails the subsector implies that a company is losing market share.
- ISRG trails its peers on the basis of sales growth.

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