

# Intuitive Surgical, Inc.

INTUITIVE

Current Price

\$286

Price Objective

\$365

Upside Potential

+28%

Holding Period

3-5 years

# COMPANY OVERVIEW

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## Company Summary

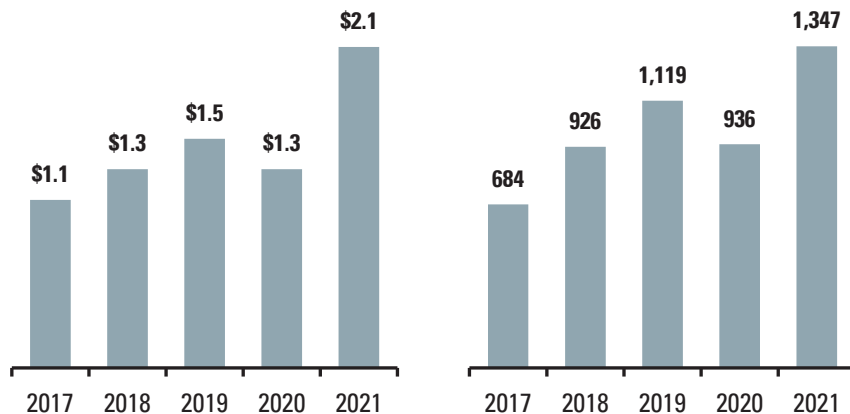
- Intuitive Surgical (ISRG) is a US-based healthcare technology company that develops, manufactures, and sells minimally invasive surgical systems
- Revenue segments include System Sales, (da Vinci, ION), Instruments and Accessories, and Services
- Intuitive Surgical was established in 1995 and has led the robotic surgery industry for more than 27 years
- ISRG aims to discover technological advances in robotic computing/imaging

Stock Price \$286	Market Cap \$102B	Enterprise Val \$98B	Net Cash \$1.3B
52 Week Range \$227 – \$370	LTM Revenue \$5.7B	LTM EBITDA \$2.1B	Target Price \$365

## Historical Growth

EBITDA (US\$B)

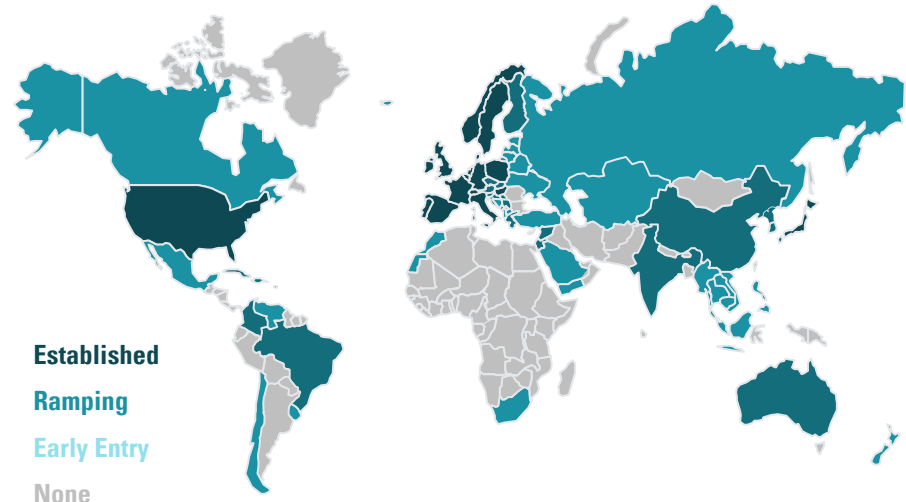
System Placements



Intuitive Surgical is a pioneer within the robotic surgery industry, and continues to maintain a dominant position in a rapidly growing market

Source: Bloomberg, Refinitiv, Capital IQ, Company Filings  
Note: As of close on March 22, 2022, All figures in USD unless otherwise stated

## Geographical System Placements



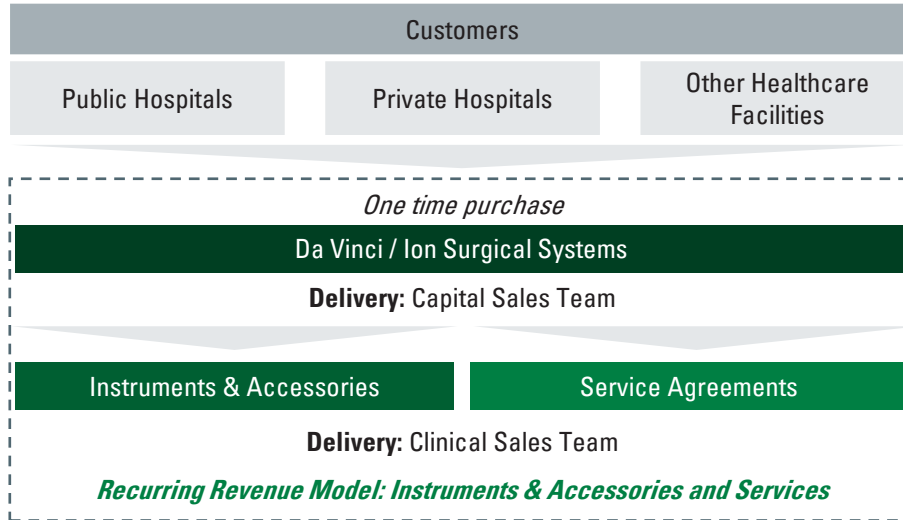
## Core Investment Themes

- First-Movers Advantage & Dominant Position within the Industry
- Rapidly Growing in a Vastly Unpenetrated Industry
- Macroeconomic & Demographic Trends Acting as Tailwinds
- High Barriers of Entry + Economic Moat = Defensible Business
- International Markets Offer Attractive Expansion Opportunities

# FURTHER ANALYSIS

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## Business Model



## Product Breakdown

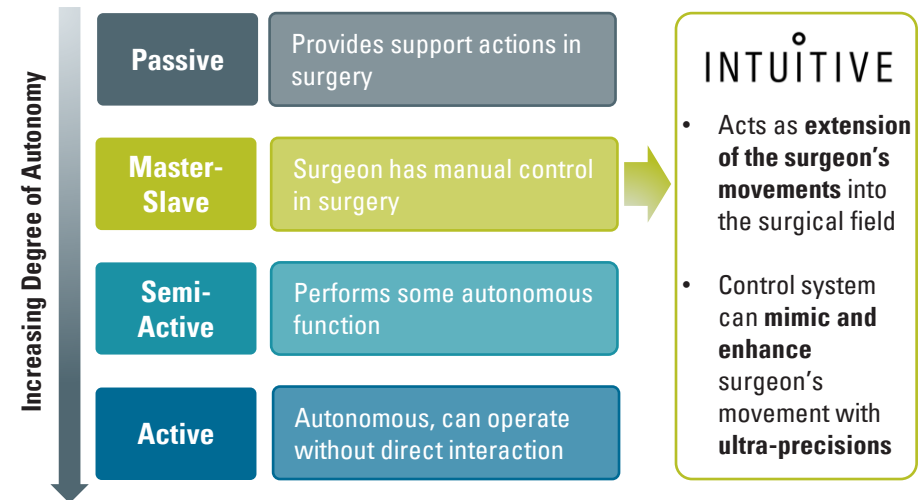
### Surgical Systems



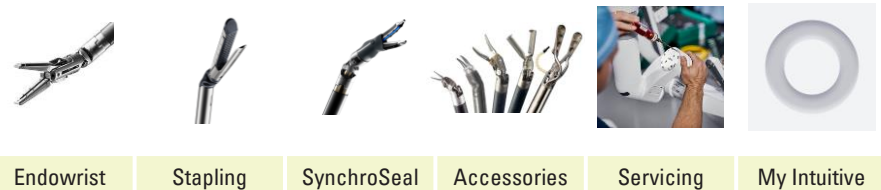
da Vinci systems equip surgeons with high precision tools for accurate surgery

da Vinci Cost	Lifespan	Revenue (%)	ION Cost	Gross Margin
\$1M-\$3M	7 years	30%	\$1.5M	60%

## Robotic Surgical Platform Classification



### Instruments, Accessories, and Services



Surgical instrument affordability initiatives will further drive market penetration

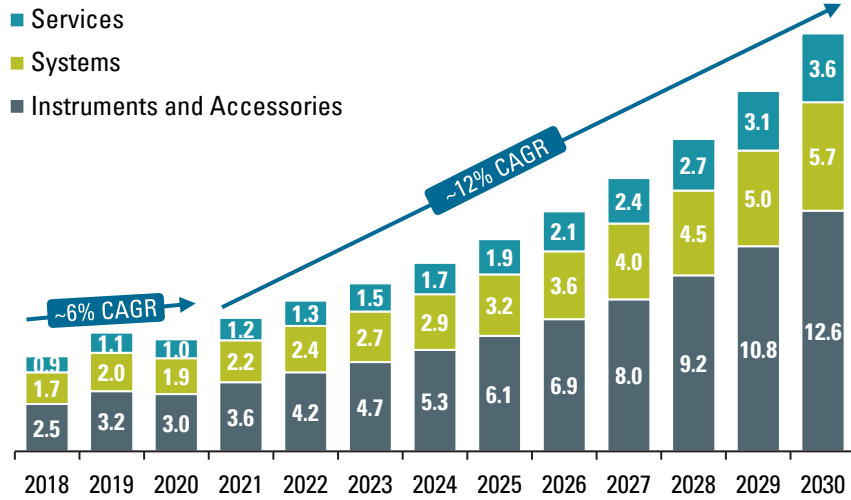
Purchase	New Lifespan	Revenue (%)	Service Cost	Gross Margin
\$600-\$3,500	10 – 18 uses	70%	\$100k-\$200k	~75%

**Intuitive's diverse and high-quality product breakdown creates significant reliable streams of recurring revenue to drive their business model**

# ROBOTIC ASSISTED SURGERY OVERVIEW

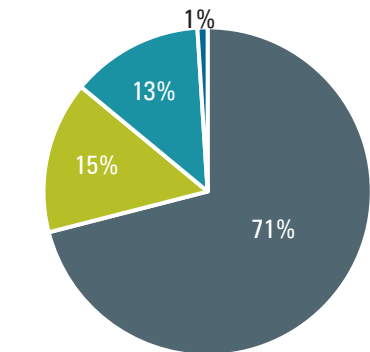
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## Global Industry Performance Growth (US\$B)

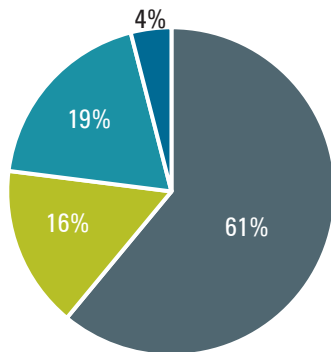


## Competitive Landscape

### Region Breakdown

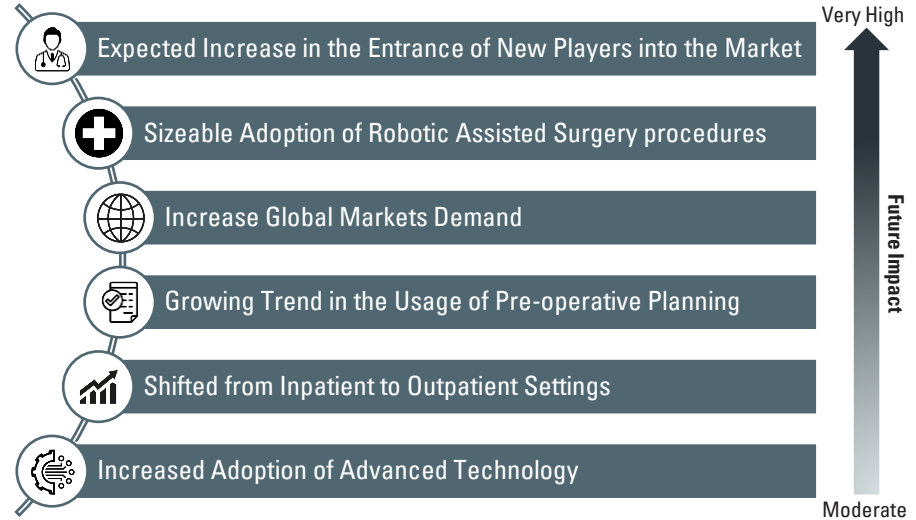


### Key Players Breakdown



■ North America ■ Europe ■ Intuitive Surgical ■ Medtronic  
■ Asia-Pacific ■ Other ■ Stryker ■ Others

## Industry Trends



## Current and Upcoming Sales and Business Models

### Hardware Sales



Robotic Surgery System-Related Revenue



Medical Instruments and Accessories Revenues

### Service Sales



Additional Software as a Service (SAAS) Revenue



Staff and Operator Training Services



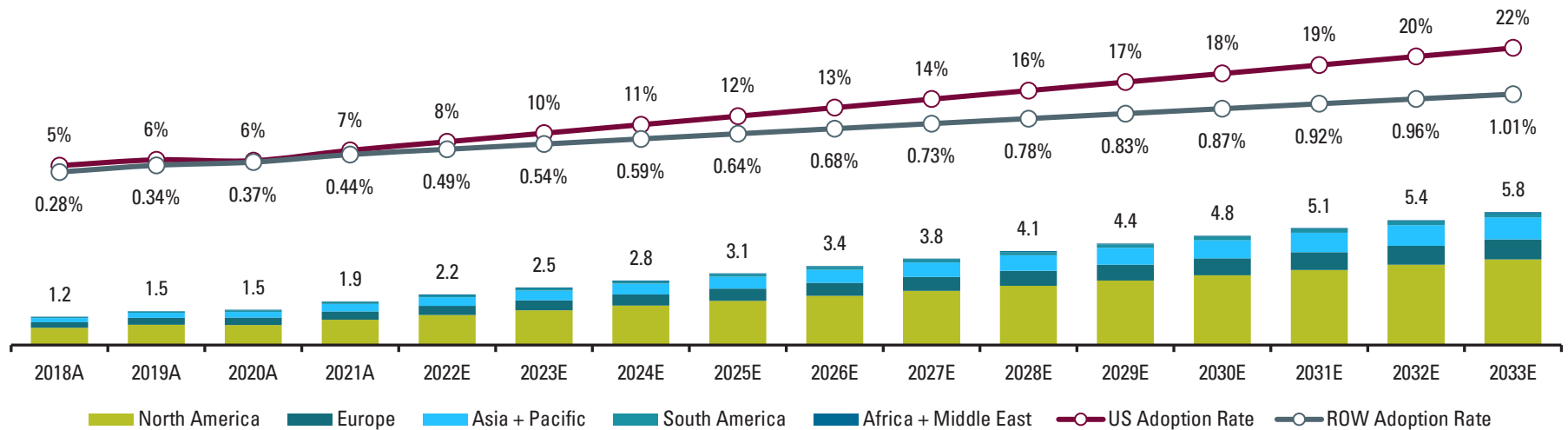
Post-Sales Services and Extended Warranty

Increasing adoption of robotic surgeries and competition amongst companies are driving the rapid growth in robotic assisted surgery

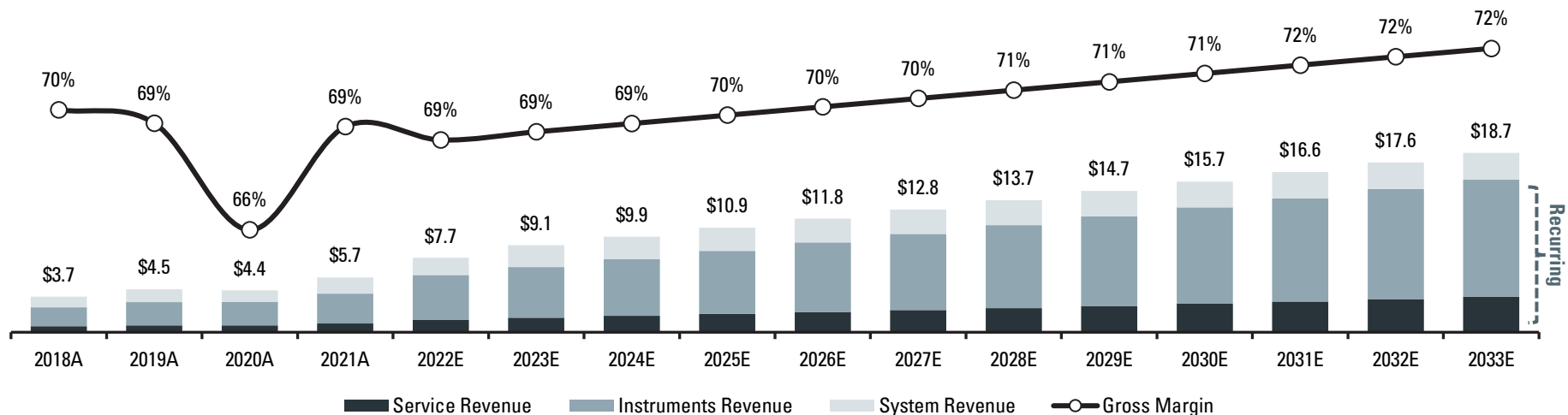
# ROBOTICS-DRIVEN SURGERY ADOPTION

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## Favourable Tailwinds Offer Lucrative Opportunities for Further Penetration (millions; %)



## Sticky Revenue and Strong Margins (US\$B; %)

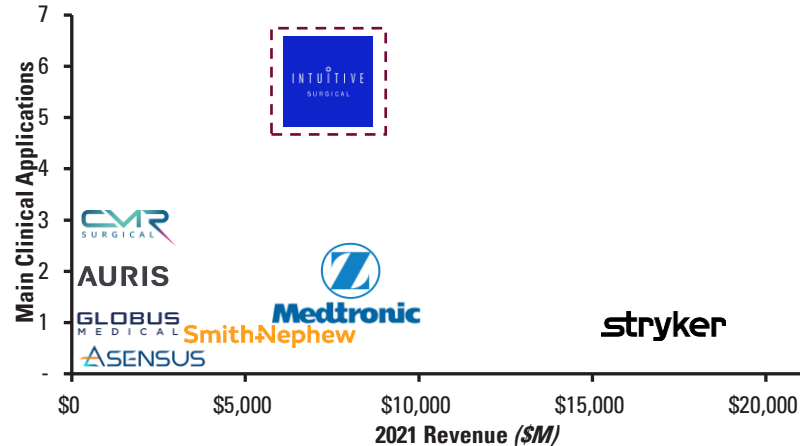


**SOM is vast and yet to be captured. Targeted product launches and favourable demographics offer opportunities to further increase market penetration.**

# UNIQUE PRODUCT POSITIONING

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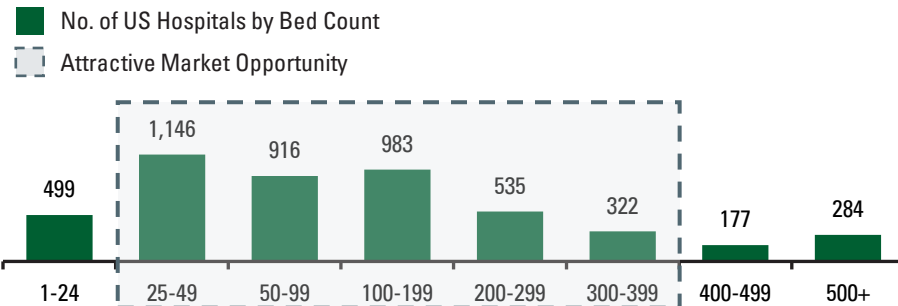
## Defensible Business: Still the Biggest Fish in the Sea



The largest of ISRG's competitors - Stryker and Medtronic - operate in orthopedics, a different clinical vertical and low threat to ISRG.

## Affordability Initiatives Acting as Tailwinds

Leasing program allows hospitals to avoid large upfront capital expenditures	Usage-based program allows hospitals with low volume to use systems	Da Vinci X is a cheaper system offering than most Da Vinci Xi <sup>1</sup>	Extended Use Program extends life of surgical instruments, reducing costs
------------------------------------------------------------------------------	---------------------------------------------------------------------	----------------------------------------------------------------------------	---------------------------------------------------------------------------



**ISRG has strategically positioned its product line-up to target big & small hospitals, and international markets, expanding their presence in the industry**

Source: Capital IQ, Bloomberg Terminal, CDC, RBC Initiating Coverage Report

Note: 1. The Da Vinci X system is around 40% cheaper than the Da Vinci Xi, putting it in line with competitors looking to sell systems cheaper than ISRG. 2. Surgery Cost relates to Prostatectomy.

3. PSM stands for Positive Surgical Margin

## Robotic Surgery: The Gold Standard for Complex Procedures

	Robotic Laparoscopy	Laparoscopy	Open Surgery
<b>Efficacy</b>			
Surgery Cost <sup>2</sup>	\$39,315	\$29,771	\$31,518
Length of Stay	1.0 - 2.0 Days	1.0 - 2.0 Days	3.0 - 6.0 Days
Surgery Length	262 mins	196 mins	202 mins
Blood Loss	~77% lower	~23% lower	--
PSM Rate <sup>3</sup>	13.4%	18.4%	27.6%

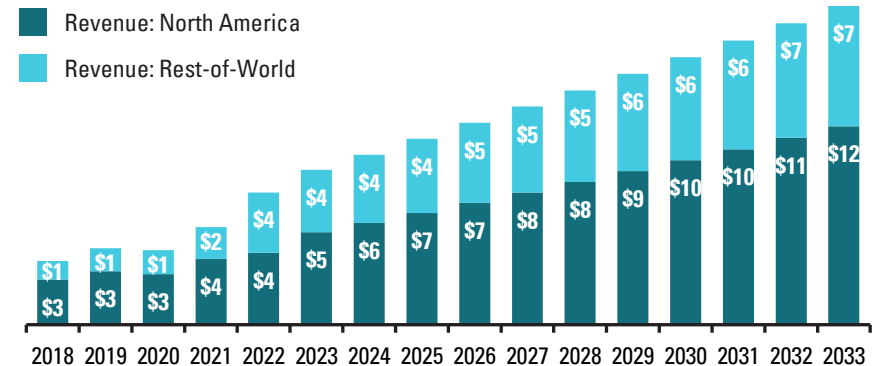
Robotic Laparoscopy is considered the gold standard for complex procedures. This is due to the **decrease in blood loss, reduced hospital stay (i.e. cost), improved success, and quicker recovery times.**

## Key Growth Markets Expansion to Drive Value Creation (US\$B)

### Strategic International Partnerships

Fosun-Intuitive Joint Venture adds access to the Chinese market

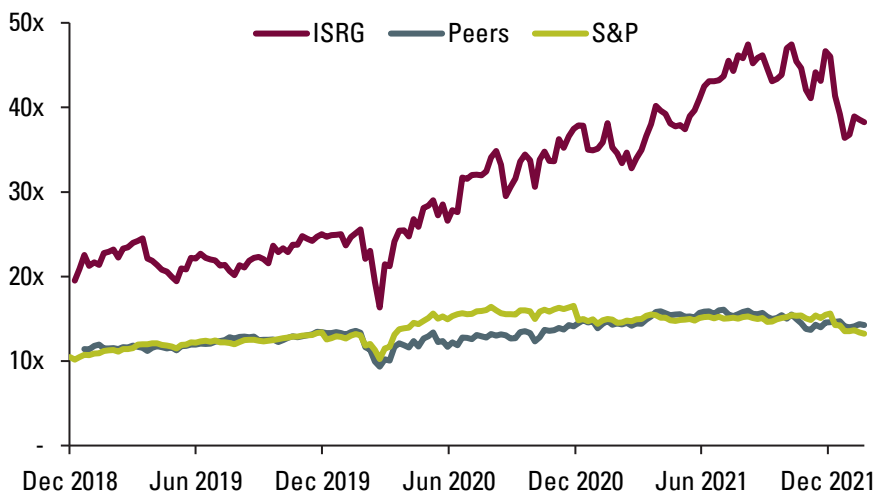
European plants allow easier access to markets outside of North America



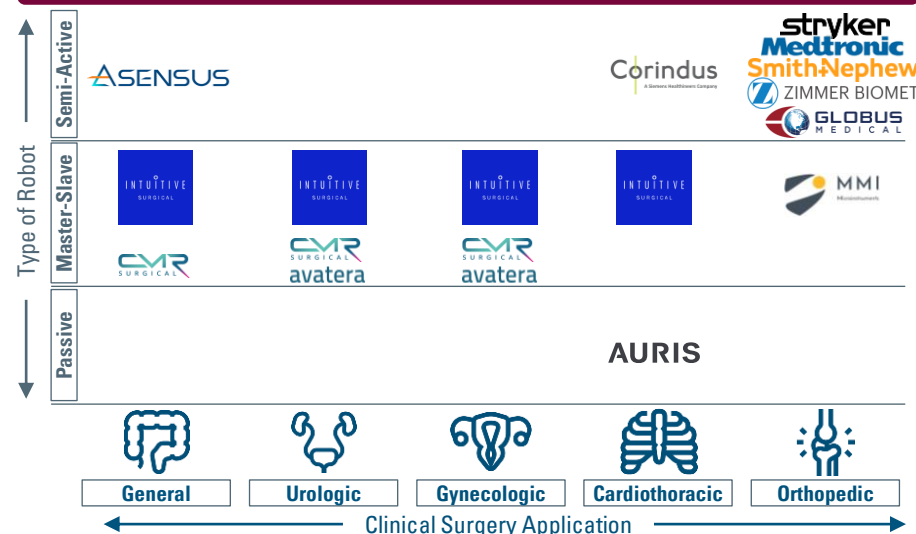
# COMPARABLES ANALYSIS

Company	Mkt Cap	Ent Val	EBITDA	EV/EBITDA	Price/CF	Rev CAGR	EBITDA Mg	Capex %	FCF Yld.	ND/EBITDA	Div. Yld.	Target
	Current	Current	NTM	3Y Avg	3Y Avg	5Y	3Y Avg	3Y Avg	3Y Avg	Current	Current	Current
Globus Medical	7.1	6.2	0.4	15	26	10%	35%	18%	3%	-2.9	NA	15%
Johnson & Johnson	432.7	435.8	36.4	12	14	3%	37%	10%	6%	0.1	2.6%	13%
Medtronic	141.0	155.1	9.9	15	17	5%	31%	13%	5%	2.1	2.4%	19%
Siemens Healthineers	64.8	78.3	4.9	14	17	7%	22%	17%	4%	3.6	1.5%	20%
Smith & Nephew	11.8	17.8	1.4	12	9	5%	27%	28%	5%	NA	2.1%	16%
Stryker	99.4	109.3	5.1	19	23	7%	29%	11%	3%	2.1	1.1%	7%
Zimmer Biomet	26.6	33.5	2.3	14	13	0%	33%	20%	5%	2.7	0.8%	4%
<b>Average</b>				<b>14</b>	<b>17</b>	<b>5%</b>	<b>31%</b>	<b>17%</b>	<b>4%</b>	<b>1.3</b>	<b>1.7%</b>	<b>13%</b>
<b>Intuitive Surgical</b>	<b>103.9</b>	<b>99.8</b>	<b>2.5</b>	<b>33</b>	<b>40</b>	<b>13%</b>	<b>41%</b>	<b>16%</b>	<b>2%</b>	<b>-1.6</b>	<b>NA</b>	<b>15%</b>

## Relative Trading



## Competitive Landscape Across Clinical Applications & Robots



# DCF VALUATION

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	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	WACC
EBITDA	2,698	3,223	3,619	4,056	4,501	4,970	5,461	5,974	6,508	7,060	7,636	8,238	<b>Capital Structure</b>
Less: D&A	329	362	393	421	447	477	509	540	571	602	632	663	
EBIT	2,369	2,862	3,227	3,634	4,054	4,493	4,952	5,433	5,937	6,458	7,004	7,575	Debt Weight
Less: Tax	256	308	348	394	441	490	543	598	657	718	783	852	Equity Weight
NOPAT	2,625	3,170	3,575	4,028	4,494	4,983	5,495	6,031	6,593	7,176	7,787	8,427	<b>Cost of Debt</b>
Add: D&A	329	362	393	421	447	477	509	540	571	602	632	663	Borrowing Rate
Less: CAPEX	642	710	728	748	767	787	807	829	851	871	894	918	Tax Rate
Less: NWC Changes	(331)	(144)	(88)	(111)	(103)	(104)	(96)	(117)	(109)	(110)	(100)	(127)	<b>Cost of Equity</b>
Unlevered FCF	2,643	2,965	3,327	3,812	4,277	4,778	5,293	5,860	6,423	7,016	7,625	8,299	Risk Free Rate
Discount Factor	0.93x	0.86x	0.79x	0.74x	0.68x	0.63x	0.58x	0.54x	0.50x	0.46x	0.43x	0.40x	Beta
PV of UFCF	2,447	2,542	2,641	2,802	2,911	3,011	3,088	3,166	3,213	3,250	3,270	3,296	Market Return
													<b>WACC</b>

## Target Price Derivation

Exit Multiple Method		Gordon Growth Method	
Final Year EBITDA	8,238	Final Year UFCF	8,299
EBITDA Multiple	17.0x	LT Growth Rate	3.00%
Terminal Value	140,052	Discount Rate	174,449
Discount Rate	0.40x	Terminal Value	0.40x
PV of Terminal Value	55,616	PV of Terminal Value	69,276
PV of Cash Flow	35,637	PV of Cash Flow	35,637
Net Debt (Cash)	35,462	Net Debt (Cash)	35,462
Equity Value	126,716	Equity Value	140,375
Shares Outstanding	366	Shares Outstanding	366
<b>Target Share Price</b>	<b>\$346</b>	<b>Target Share Price</b>	<b>\$384</b>

## Scenario Analysis

		WACC									
Growth Rate		10.0%	9.5%	9.0%	8.5%	8.0%	7.5%	7.0%	6.5%	6.0%	5.5%
	2.00%	308	318	328	339	350	362	375	388	403	418
	2.25%	314	324	334	346	357	370	383	397	412	428
	2.50%	320	331	342	353	365	378	392	407	422	438
	2.75%	327	338	349	361	374	388	402	417	433	450
	3.00%	335	346	358	371	384	398	413	428	445	462
	3.25%	344	355	368	381	394	409	424	441	458	477
	3.50%	353	365	378	392	406	422	438	455	473	492
	3.75%	364	377	390	404	420	436	453	471	490	510
	4.00%	376	389	404	419	435	452	469	488	509	530

**We have derived a base-case, weighted average target price of \$365, implying a ~28% upside case as of Mar-22 closing price**



# CATALYSTS & RISKS

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## Catalysts

**ION & Other System Development**



## Description

Da Vinci systems have undergone innovative changes over time, ION endoluminal system in early stages

**Global Partnerships**



With ISRG's goal of global expansion, partnerships can allow the company to further penetrate certain countries

**Leasing Products**



Leasing of ISRG products will provide less-wealthy countries the opportunity to partake, and for ISRG to benefit

## Risks

**Patent Expiration**



## Description

ISRG's patents served as a barrier to entry, but with their patents having a 20-year life span, expiration is certain

**Regulatory Environment**



ISRG is subject to complex and constantly evolving laws and regulations, both in domestic and foreign markets

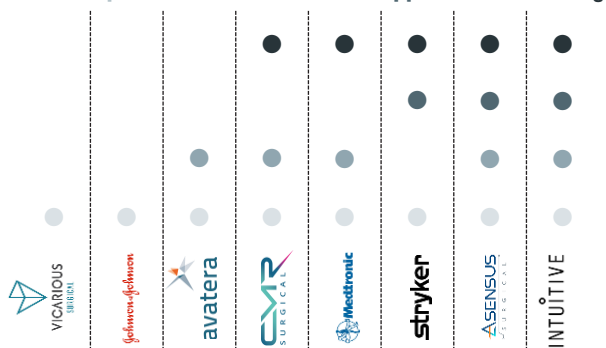
**Market Adoption and Usage**



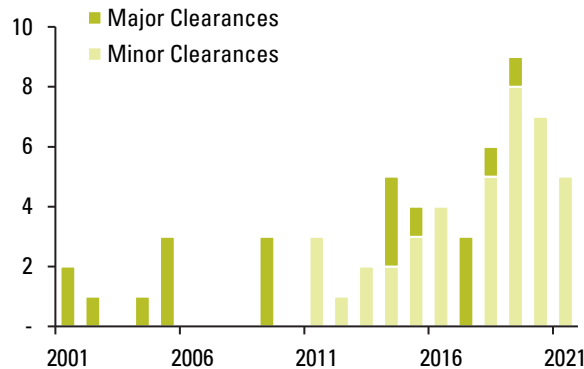
ISRG products employ new and novel procedures, but doctors are resistant to major changes in their field

## Peer Regulatory Hurdles

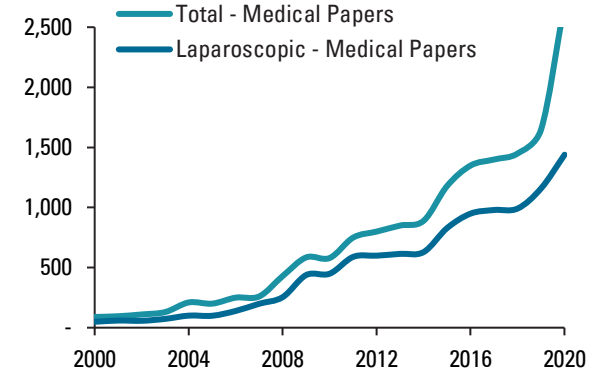
Development CE-Marked FDA Approved Producing



## Regulatory Approval: Success History



## Spiking Interests in Medical Research



**Strong potential for growth in industry with risks that appear to be minimal based on high market share, regulatory history, and demand for innovation.**

# CONCLUSION

## Investment Summary

### First Movers Advantage

ISRG is a pioneer within the surgical robotics industry and holds a sizeable lead compared to peers.

### Expansion Opportunities

ISRG operates in a industry where incremental gains in market share can lead to sizable increases in revenue.

### Defensible Business

Through patents and high regulations, ISRG boasts a moated business with little threat from competitors.

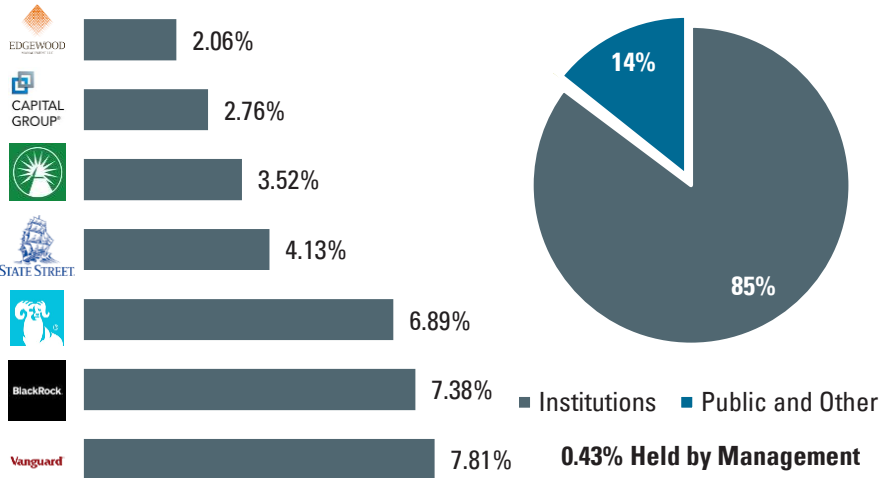
### Favourable Tailwinds

Population of 65+ years old is increasing as a percent of total population will increase market opportunity.

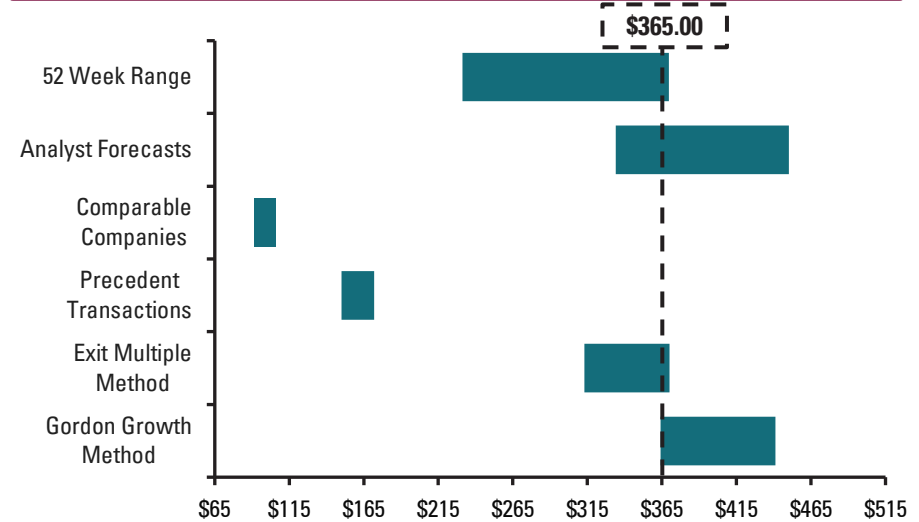
### Strong Financial Position

Recurring revenue makes up ~70% of revenue which will protect future cash flows.

## Shareholders Breakdown



## Valuation Assessments



## Target Price: Execution Roadmap Timeline

- 2022** **Covid Sales Impact Subsides**  
*Sales growth rebounds to pre-pandemic levels*
- 2023** **FDA Approvals**  
*ISRG continues to get approval for surgical procedures*
- 2025** **Affordability Initiatives Drive Growth**  
*Hospitals with lower budgets adopt ISRG systems*
- 2030** **Ion Adoption**  
*Sizable adoption of the Ion system*
- 2035+** **Markets Expansion**  
*ISRG sees large growth in local/international markets*

Therefore, with factors noted throughout this presentation, we recommend ISRG as a strong buy at a \$365 base case target price, a 28% upside potential

# Appendix



# FINANCIAL STATEMENTS

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## INCOME STATEMENT

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Income Statement	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Revenue												
Product	6,412	7,546	8,225	8,579	9,713	10,449	11,169	11,934	12,585	13,431	14,167	14,901
Service	1,323	1,522	1,712	1,908	2,189	2,316	2,529	2,748	2,975	3,206	3,449	3,700
<b>Total Revenue</b>	<b>7,735</b>	<b>9,067</b>	<b>9,937</b>	<b>10,488</b>	<b>11,902</b>	<b>12,765</b>	<b>13,718</b>	<b>14,682</b>	<b>15,560</b>	<b>16,638</b>	<b>17,616</b>	<b>18,601</b>
Cost of Revenue												
Product	1,988	2,317	2,510	2,703	2,884	3,303	3,267	3,449	3,626	3,811	3,972	4,141
Service	425	482	538	593	650	706	754	822	880	940	1,000	1,062
<b>Total Cost of Revenue</b>	<b>2,413</b>	<b>2,799</b>	<b>3,048</b>	<b>3,296</b>	<b>3,534</b>	<b>3,780</b>	<b>4,021</b>	<b>4,271</b>	<b>4,506</b>	<b>4,751</b>	<b>4,972</b>	<b>5,203</b>
<b>Gross Profit</b>	<b>5,324</b>	<b>6,268</b>	<b>6,889</b>	<b>7,191</b>	<b>8,318</b>	<b>9,085</b>	<b>9,697</b>	<b>10,411</b>	<b>11,054</b>	<b>11,827</b>	<b>12,645</b>	<b>13,398</b>
<b>Gross Profit Margin</b>	<b>69%</b>	<b>69%</b>	<b>69%</b>	<b>70%</b>	<b>70%</b>	<b>71%</b>	<b>71%</b>	<b>71%</b>	<b>71%</b>	<b>72%</b>	<b>72%</b>	<b>72%</b>
Operating Expenses												
Selling, General, Administrative	2,011	2,230	2,504	2,733	2,932	3,127	3,320	3,509	3,696	3,877	4,056	4,234
Research & Development	928	1,061	1,130	1,209	1,277	1,340	1,399	1,454	1,503	1,547	1,587	1,623
<b>Total Operating Expenses</b>	<b>2,939</b>	<b>3,291</b>	<b>3,634</b>	<b>3,942</b>	<b>4,209</b>	<b>4,468</b>	<b>4,719</b>	<b>4,963</b>	<b>5,199</b>	<b>5,424</b>	<b>5,643</b>	<b>5,856</b>
<b>Operating Income (EBIT)</b>	<b>2,385</b>	<b>2,977</b>	<b>3,242</b>	<b>3,650</b>	<b>4,089</b>	<b>4,588</b>	<b>4,968</b>	<b>5,448</b>	<b>5,855</b>	<b>6,403</b>	<b>7,020</b>	<b>7,591</b>
Interest And Other Income, Net	158	184	219	258	305	360	422	481	568	656	755	867
Income Before Income Taxes	2,542	3,161	3,460	3,908	4,395	4,948	5,390	5,929	6,423	7,059	7,775	8,458
Taxes	256	308	348	394	441	490	543	598	657	716	783	852
<b>Net Income</b>	<b>2,286</b>	<b>2,753</b>	<b>3,111</b>	<b>3,515</b>	<b>3,954</b>	<b>4,378</b>	<b>4,847</b>	<b>5,331</b>	<b>5,766</b>	<b>6,343</b>	<b>6,992</b>	<b>7,606</b>
Less: Net Income - Non-Controlling Interest	25	26	27	28	29	30	31	32	33	34	35	36
<b>Net Income Attributable to Intuitive Surgical</b>	<b>2,261</b>	<b>2,727</b>	<b>3,084</b>	<b>3,486</b>	<b>3,924</b>	<b>4,348</b>	<b>4,816</b>	<b>5,300</b>	<b>5,733</b>	<b>6,309</b>	<b>6,957</b>	<b>7,570</b>
Net Income Per Share Attributable to Intuitive Surgical Inc.												
Basic	6.35	7.66	8.66	9.79	10.96	12.21	13.52	14.90	16.36	17.90	19.52	21.24
Diluted	6.18	7.45	8.43	9.53	10.67	11.86	13.16	14.51	15.93	17.42	19.00	20.68
Dividends Per Share	-	-	-	-	-	1.00	2.00	3.00	4.00	5.00	6.00	6.00
Share Outstanding Attributable to Intuitive Surgical Inc.												
Basic	356	356	356	356	356	356	356	356	356	356	356	356
Diluted	365	365	365	366	366	366	366	366	366	366	366	366

Source: Financial Model

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## CASH FLOW STATEMENT

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Cash Flow Statement	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Net Income	2,286	2,753	3,111	3,515	3,954	4,378	4,847	5,331	5,766	6,403	6,992	7,606
Depreciation and loss on disposal of PPE	200	327	362	396	429	461	493	524	555	586	616	647
Amortization of intangible assets	24	19	15	10	3	1	1	1	1	1	1	1
Loss (gain) on investments, amortization of premiums on investments	-	-	-	-	-	-	-	-	-	-	-	-
Deferred income taxes	-	-	-	-	-	-	-	-	-	-	-	-
Share-based compensation expense	360	360	360	360	360	360	360	360	360	360	360	360
Amortization of contract acquisition assets	15	15	15	15	15	15	15	15	15	15	15	15
Accounts Receivable	(402)	(204)	(129)	(159)	(143)	(145)	(149)	(153)	(158)	(159)	(159)	(163)
Inventory	(348)	(161)	(102)	(118)	(113)	(114)	(111)	(118)	(118)	(118)	(115)	(125)
Prepaid Expenses and Other Assets	(15)	(67)	(44)	(48)	(47)	(48)	(48)	(48)	(48)	(48)	(50)	(51)
Accounts Payable	62	29	10	20	19	19	18	19	18	18	17	16
Accrued compensation and employee benefits	62	74	49	53	52	53	53	54	55	55	56	57
Deferred revenue	205	100	65	71	70	71	72	73	74	74	75	76
Other liabilities	186	65	55	60	59	60	61	62	62	63	63	65
<b>Net Cash Provided by Operating Activities</b>	<b>2,845</b>	<b>3,331</b>	<b>3,776</b>	<b>4,166</b>	<b>4,638</b>	<b>5,112</b>	<b>5,620</b>	<b>6,156</b>	<b>6,687</b>	<b>7,264</b>	<b>7,885</b>	<b>8,503</b>
Purchase of investments	(1,566)	(1,532)	(1,000)	(1,093)	(1,074)	(1,085)	(1,095)	(1,109)	(1,124)	(1,125)	(1,147)	(1,197)
Proceeds from sales of investments	-	-	-	-	-	-	-	-	-	-	-	-
Proceeds from repurchases of common stock	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of PP&E and Intellectual Property	(642)	(710)	(728)	(748)	(767)	(787)	(807)	(829)	(851)	(871)	(894)	(918)
Acquisition of businesses, net of cash	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(2,208)</b>	<b>(2,242)</b>	<b>(1,728)</b>	<b>(1,841)</b>	<b>(1,841)</b>	<b>(1,900)</b>	<b>(1,900)</b>	<b>(1,937)</b>	<b>(1,976)</b>	<b>(1,991)</b>	<b>(2,041)</b>	<b>(2,085)</b>
Proceeds from issuances of common stock relating to employee stock plans	-	-	-	-	-	-	-	-	-	-	-	-
Taxes paid related to net share allotment of equity awards	-	-	-	-	-	-	-	-	-	-	-	-
Treasury stock repurchases of common stock	-	-	-	-	-	-	-	-	-	-	-	-
Capital contribution from noncontrolling interest	-	-	-	-	-	-	-	-	-	-	-	-
Payment of deferred purchase consideration	-	-	-	-	-	-	-	-	-	-	-	-
Common dividends	-	-	-	-	-	-	(356)	(712)	(1,068)	(1,424)	(1,781)	(2,137)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(356)</b>	<b>(712)</b>	<b>(1,068)</b>	<b>(1,424)</b>	<b>(1,781)</b>	<b>(2,137)</b>
Effect of foreign exchange on cash, equivalents, and restricted cash	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net Increase (Decrease) in cash, equivalents, and restricted cash</b>	<b>637</b>	<b>1,089</b>	<b>2,048</b>	<b>2,345</b>	<b>2,798</b>	<b>3,212</b>	<b>3,364</b>	<b>3,349</b>	<b>3,644</b>	<b>3,843</b>	<b>4,063</b>	<b>4,381</b>
Cash, cash equivalents, and restricted cash, beginning of year	1,306	1,743	2,832	4,886	7,225	10,329	13,263	16,626	20,391	23,744	27,587	31,600
Cash, cash equivalents, and restricted cash, end of year	1,743	2,832	4,886	7,225	10,329	13,263	16,626	20,391	23,744	27,587	31,600	35,981
Restricted Cash	16	16	16	16	16	16	16	16	16	16	16	16
Cash, cash equivalents, and of year	1,727	2,816	4,864	7,209	10,307	13,248	16,609	20,380	23,728	27,572	31,584	35,964

Source: Financial Model

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## BALANCE SHEET

INTUITIVE

Balance Sheet	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Assets												
Current Assets												
Cash and cash equivalents	1,727	2,816	4,864	7,209	10,307	13,248	16,609	20,380	23,728	27,572	31,584	35,964
Short-term investments	439	530	589	629	679	736	800	868	924	983	1,041	1,101
Accounts Receivable	1,195	1,389	1,518	1,668	1,811	1,958	2,096	2,230	2,349	2,495	2,658	2,838
Inventory	906	1,087	1,198	1,277	1,436	1,546	1,655	1,777	1,896	2,013	2,139	2,267
Prepaid Expenses and other Current Assets	360	467	501	549	596	640	691	740	789	838	889	940
Total Current Assets	6,624	11,112	13,949	17,171	20,824	24,807	29,150	33,516	38,667	42,766	47,768	52,891
Non-Current Assets												
Property, Plant, and Equipment	2,228	2,912	2,978	3,339	3,598	3,983	4,438	4,912	4,938	5,194	5,472	5,743
Long-term investments	439	530	589	629	679	736	795	851	872	930	989	1,048
Deferred Intangibles	441	441	441	441	441	441	441	441	441	441	441	441
Intangible and other assets, net	564	559	529	503	485	468	452	436	420	403	387	371
Goodwill	345	345	345	345	345	345	345	345	345	345	345	345
Total Non-Current Assets	7,917	10,749	9,482	11,132	11,236	12,469	13,281	14,466	14,675	15,963	16,212	17,336
Total Assets	14,541	21,861	23,431	27,827	32,377	37,277	42,711	47,982	53,342	58,729	64,270	70,227
Current Liabilities												
Accounts Payable	160	213	230	251	268	286	305	325	343	360	377	395
Accrued compensation and employee benefits	452	591	670	750	830	910	990	1,070	1,150	1,230	1,310	1,390
Deferred revenue	962	1,062	1,162	1,262	1,362	1,462	1,562	1,662	1,762	1,862	1,962	2,062
Other Current Liabilities	462	576	632	682	732	782	832	882	932	982	1,032	1,082
Total Current Liabilities	1,976	2,442	2,654	2,935	3,271	3,736	4,269	4,819	5,187	5,554	5,944	6,329
Non-Current Liabilities												
Other long-term liabilities	454	454	454	454	454	454	454	454	454	454	454	454
Total Long-Term Liabilities	454	454	454	454	454	454	454	454	454	454	454	454
Total Liabilities	2,430	2,896	3,108	3,389	3,725	4,190	4,723	5,273	5,641	6,008	6,398	6,783
Shareholder's Equity												
Preferred stock	-	-	-	-	-	-	-	-	-	-	-	-
Common stock	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Additional Paid-in Capital (APIC)	7,524	7,885	8,245	8,605	8,968	9,328	9,687	10,047	10,408	10,768	11,128	11,488
Retained Earnings	7,447	8,889	10,211	11,626	13,041	14,456	15,871	17,286	18,701	20,116	21,531	22,946
Accumulated other comprehensive income	(24)	(24)	(24)	(24)	(24)	(24)	(24)	(24)	(24)	(24)	(24)	(24)
Total Shareholder's Equity	14,540	17,981	21,323	25,068	29,302	34,040	38,981	43,931	49,344	55,366	61,796	68,744
Noncontrolling Interest	50	50	50	50	50	50	50	50	50	50	50	50
Total Shareholder's Equity	14,590	17,771	21,383	25,068	29,352	34,090	39,032	43,981	49,394	55,416	61,846	68,794
Total Liabilities and Shareholder's Equity	16,741	20,443	23,601	27,882	32,377	37,277	42,711	47,982	53,342	58,729	64,270	70,227

# MANAGEMENT OVERVIEW

INTUITIVE



**Gary S. Guthart, Ph.D.**

Chief Executive Officer &  
Member of the Board



**Myriam J. Curet, M.D., F.A.C.S.**

Executive Vice President &  
Chief Medical Officer



**Jamie E. Samath**

Chief Financial Officer



**Dave Rosa**

Executive Vice President &  
Chief Strategy & Growth Officer

CEO since 2010 with 25+ years of medical, engineering, scientific, and management experience. Joined the company as part of the first engineering team in 1996, promoted to VP of Engineering, Sr. VP of Product Operations, and four years later, appointed President and Chief Operating Officer.

Executive VP & CMO since 2017. Joined Intuitive in 2005 as Chief Medical Advisor; named Sr. VP and CMO in 2014. Dr. Curet has held a faculty position at Stanford University School of Medicine for 17+ years and served as a Clinical Professor of Surgery since October 2015 with a part-time clinical appointment at the Palo Alto VA Medical Center.

Joined Intuitive in 2013 and has held the roles of Senior VP of Finance, Corporate Controller, and Principal Accounting Officer. Samath has also served as VP of Finance & Corporate Controller at Atmel Corporation and as its Principal Accounting Officer. Prior to that, he served in various finance roles at National Semiconductor.

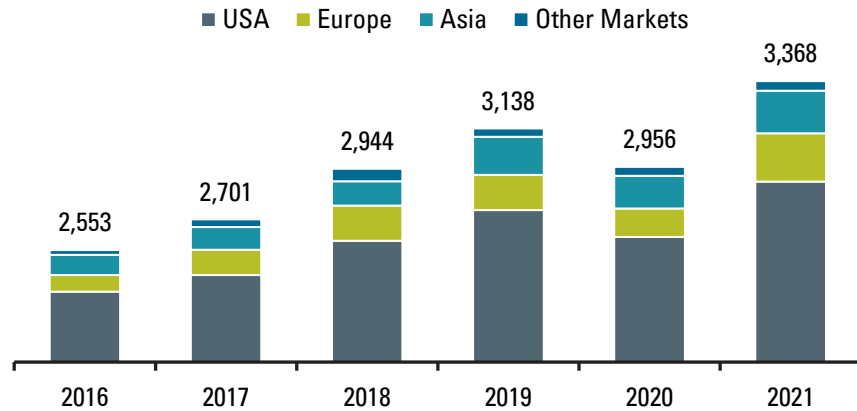
Joined the company in 1996 and has held leadership positions in commercial, engineering, clinical development, marketing, and product development. From 2015 to 2019, he served as Executive Vice President and Chief Commercial Officer. Prior to that, he held roles as Executive Vice President and Chief Scientific Officer and Senior Vice President, Scientific Affairs.

**The ISRG management team is highly qualified and experienced with a history of effective leadership at ISRG and previous roles**

# EXPANSION IN SURGICAL ROBOTIC MARKETS

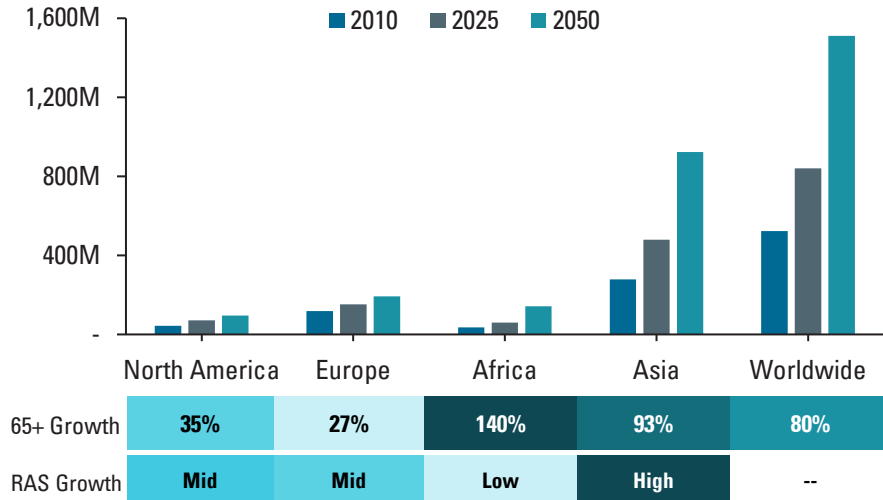
INTUITIVE

## Distribution of Da Vinci Surgical Systems by Geography and Year

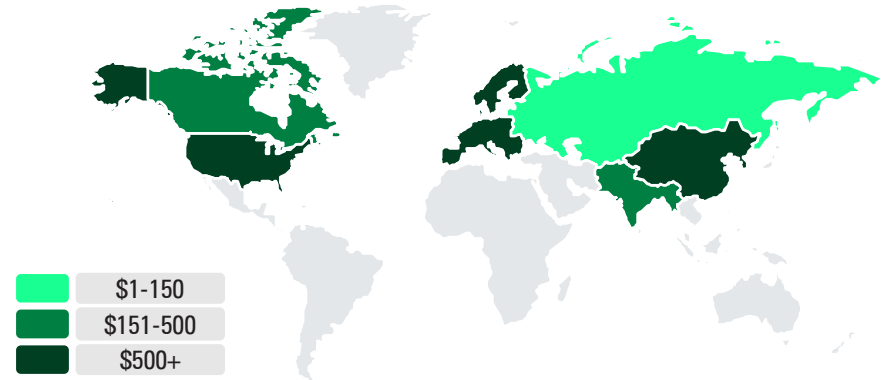


Consistent growth among distribution of da Vinci systems, which shows the progressive adoption of devices.

## Aging Population 65+ (millions) and Projected RAS Market Growth

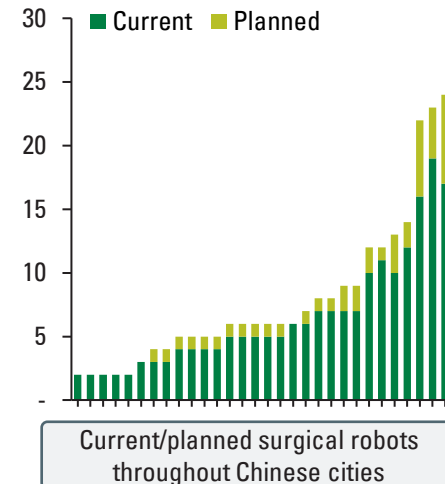


## Investment Flow From Domestic Funds and Companies (\$M)



RAS market is expected to grow from \$7B (2021) to \$20B (2030) at a 12% CAGR, which is largely attributed to key economies across the global continuing to invest in the industry.

## Increasing Interest and Demand of Surgical Robotics In China



China has had massive spike in da Vinci placements in recent years

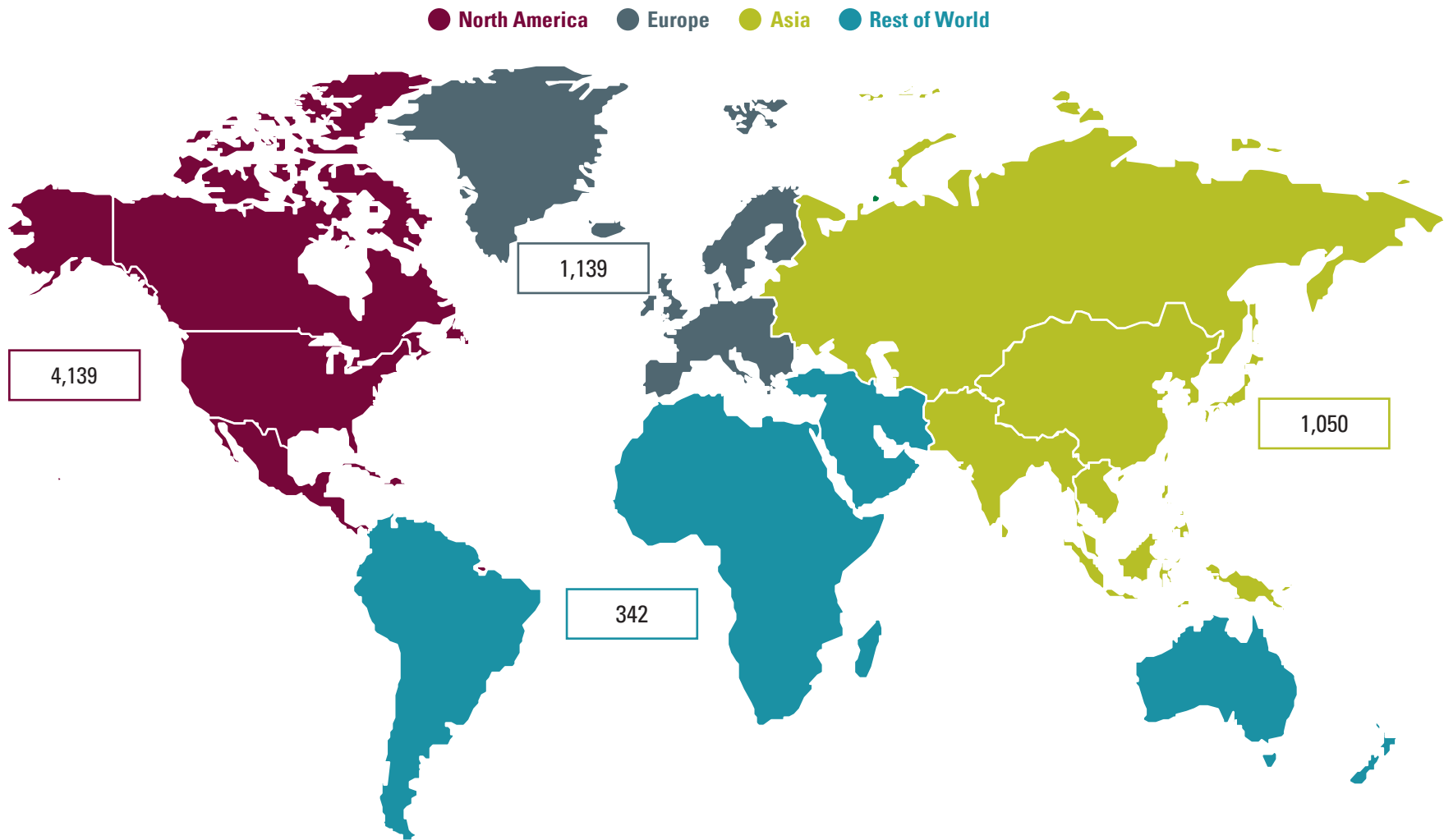
In 2019, China's medical robot market was valued at \$620M

By 2026, China's medical robot market is estimated to reach \$2.49B

Asia-Pacific robotic market estimated to grow at an 20% CAGR from 2019 to 2026

Surgical robotic market has huge upside potential, as shown through an aging population, global investment flow, and current/future interest in the industry

# TOTAL DA VINCI GEOGRAPHIC PLACEMENT

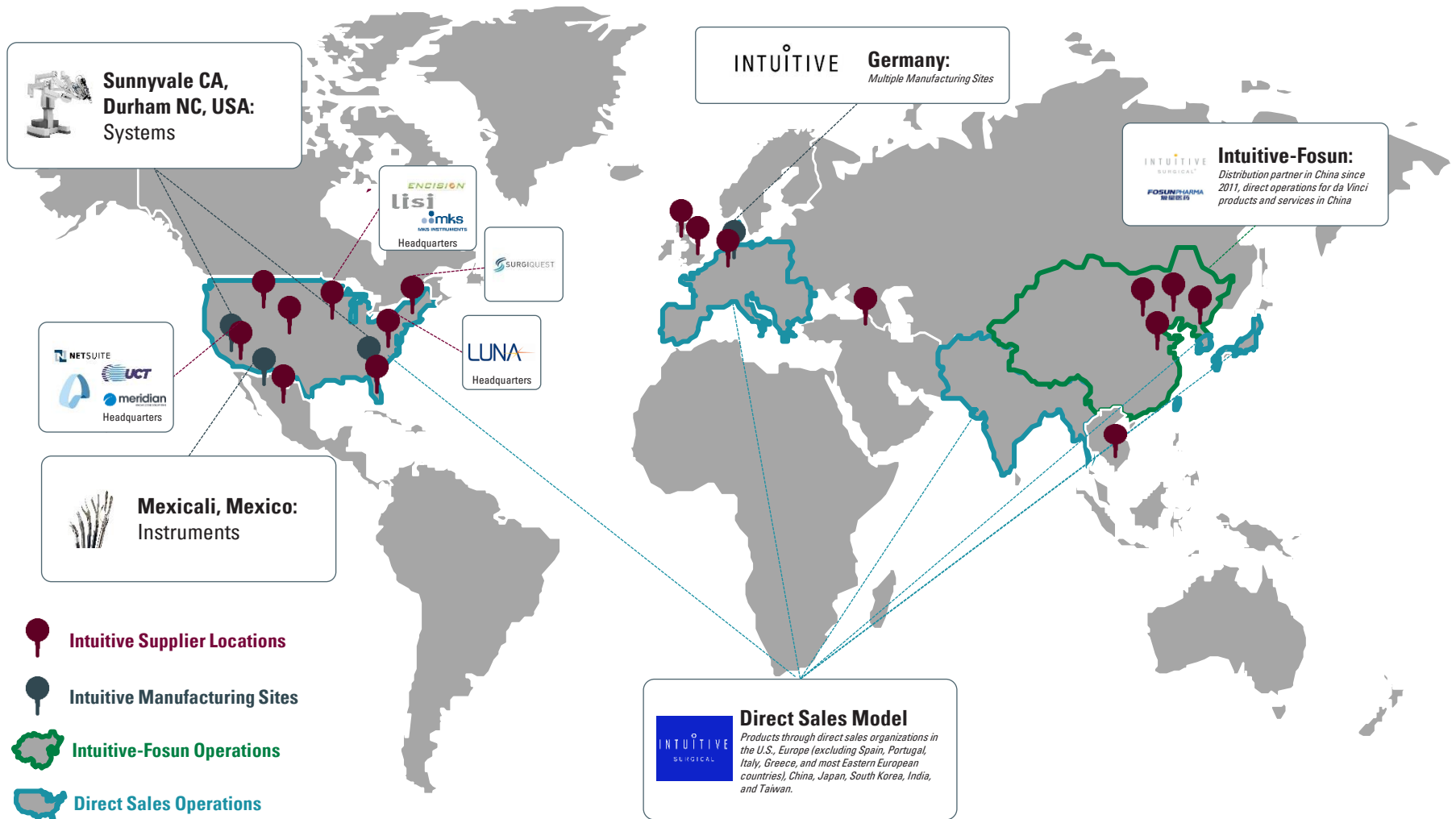


Number of Da Vinci Systems Placed in 2021	NA: 865	Europe: 232	Asia: 203	ROW: 47	Total Procedures Done in 2021	1,594,000
-------------------------------------------	---------	-------------	-----------	---------	-------------------------------	-----------

ISRG has a strong presence in North America, with a growing presence in Europe, Asia, and the Rest of the World



# MACRO VALUE CHAIN



**"We purchase both custom and off-the-shelf components and subject them to stringent quality specifications and processes. Some components necessary for the assembly are currently provided to us by sole-sourced or single-sourced suppliers" ISRG 2021 10K**

# KEY SUPPLIERS



## **Luna Innovations Inc.**

Fiber-optics & Terahertz-based Technology  
Roanoke, Virginia, United States



## **Lisi Medical SAS**

Instruments  
Coon Rapids, Minnesota, United States



## **SurgiQuest, Inc.**

Airseal  
Milford, Connecticut, United States



## **MKS Instruments, Inc**

Semiconductors  
Andover, Massachusetts, United States



## **NetSuite**

Systems Software  
San Mateo, California, United States



## **Meridian Knowledge Solutions**

E-learning platform  
Folsom, California, United States



## **Ultra Clean Holdings, Inc.**

Semiconductors  
Hayward, California, United States



## **Aera Technology Inc.**

Application Software  
Mountain View, CA, US



## **Encision Inc.**

Laparoscopy Instruments  
Boulder, Colorado, United States

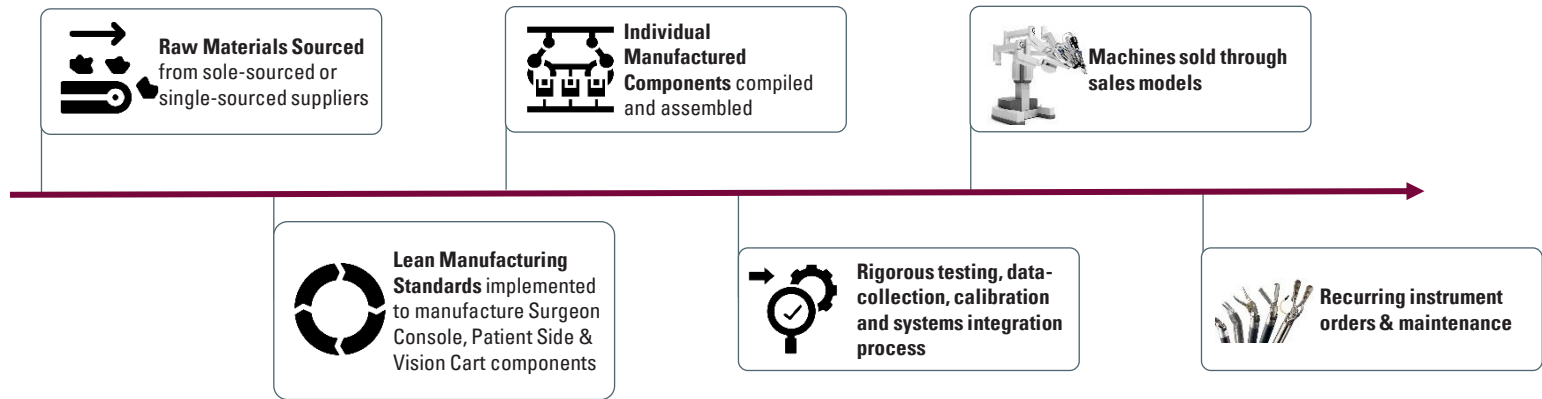
**Some of the components necessary for the assembly of products are currently provided by sole-sourced suppliers or single-sourced suppliers. ISRG generally purchases components through purchase orders rather than long-term supply agreements and generally do not maintain large volumes of inventory.**

Source: Capital IQ Pro, Bloomberg Terminal, Supplier's Investor Relations, Intuitive Surgical Investor Relations

Note: Luna Innovations is a subsidiary of Intuitive, allowing for vertical integration of Supply Chains

# MANUFACTURING PROCESS & ISRG'S SALES MODEL INTUITIVE

## da Vinci System Manufacturing Process and Lifecycle



## Sales Models



**Intuitive-Fosun Joint Venture:** In January 2019, Intuitive-Fosun joint venture with Shanghai Fosun Pharmaceutical (Group) Co., Ltd. acquired certain assets related to the distribution business of Chindex Medical Limited and its affiliates, which has been the distribution partner for da Vinci Surgical Systems in China since 2011, and began direct operations for da Vinci products and services in China.



**Capital Sales Team:** Responsible for selling systems. The capital sales' purpose and activities include educating surgeons, physicians and hospital staff across multiple specialties on the benefits of robotic-assisted surgery with an Intuitive system; and its potential benefits, total treatment costs, and clinical applications that Intuitive technology enables.



**Clinical Sales Team:** Works on-site at hospitals. Interacts with surgeons or physicians, operating room staff, and hospital administrators to develop and sustain successful robotic-assisted surgery or bronchoscopy programs. They assist surgeons or physicians who have an interest in robotic-assisted surgery or bronchoscopy and the benefits provided by the da Vinci Surgical System and the Ion endoluminal system.



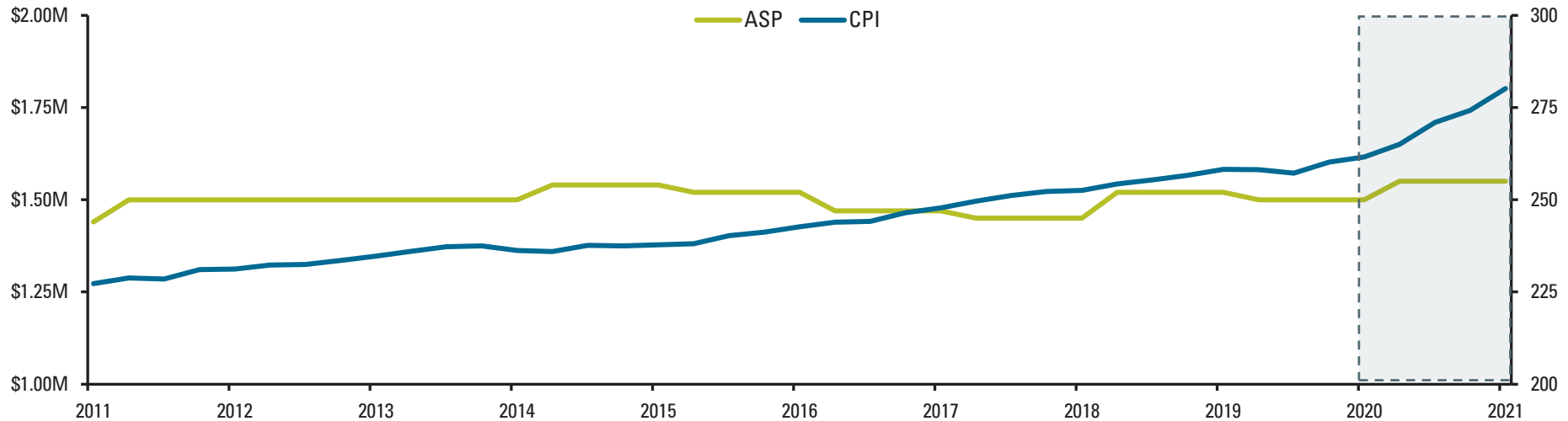
**Supplies and Instruments:** Customers place orders to replenish their supplies of instruments and accessories on a regular basis. Orders received are typically shipped within one business day. New direct customers who purchase a new system typically place an initial stocking order of instruments and accessories soon after they receive their system.

**In the remainder of markets outside of the U.S., Intuitive Surgical provides their products offerings through distributors**

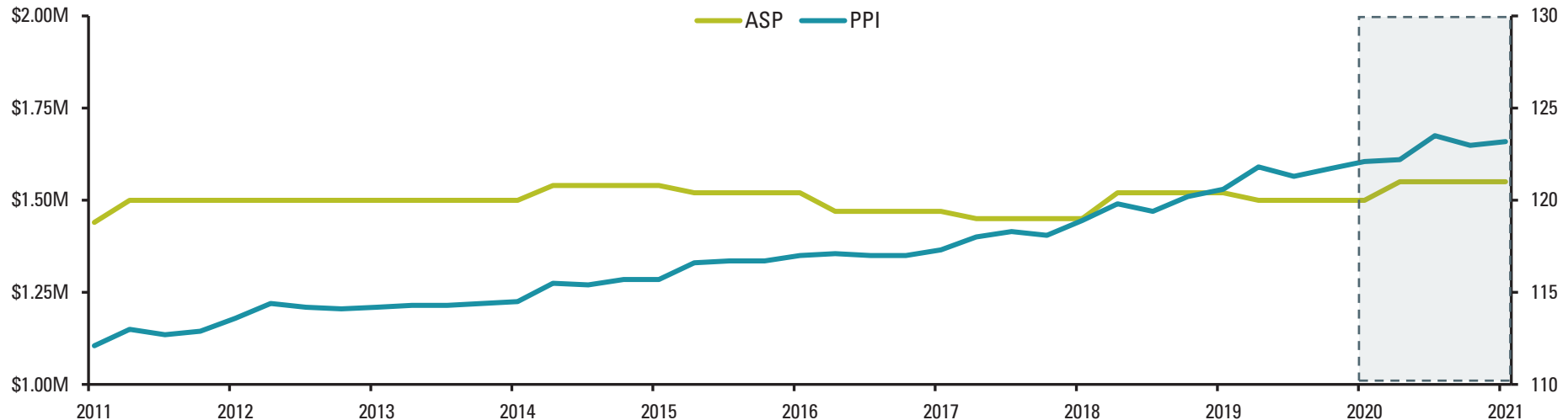
# PRICING POWER ANALYSIS

INTUITIVE

## Average Selling Price (ASP) vs Consumer Price Index









## Average Selling Price (ASP) vs Producer Price Index [Medical Equipment & Supplies Manufacturing]



Across 10 years, the ASP of the da Vinci Surgical System has strongly remained consistent despite macroeconomic fluctuations

# COMPETITIVE LANDSCAPE

Company	Company Flagship Areas	Key RAS Product	Product Distribution	Competitive Comparison
	<ul style="list-style-type: none"> <li>Orthopedic Surgery</li> </ul>	<ul style="list-style-type: none"> <li>Hugo RAS System</li> </ul>	<ul style="list-style-type: none"> <li>Commercially available in Canada, Europe, India and Latin America</li> <li>Currently an investigational device not for sale in the United States</li> </ul>	Smaller Global Product distributions
	<ul style="list-style-type: none"> <li>General Surgery</li> </ul>	<ul style="list-style-type: none"> <li>Senhance Surgical System</li> </ul>	<ul style="list-style-type: none"> <li>Commercially available in the US, the EU, Japan, Russia, and select other countries</li> </ul>	Less RAS product coverage and smaller global distribution
	<ul style="list-style-type: none"> <li>General Surgery</li> <li>Urologic Surgery</li> <li>Gynecologic Surgery</li> <li>Cardiothoracic Surgery</li> </ul>	<ul style="list-style-type: none"> <li>Da Vinci Surgery System</li> </ul>	<ul style="list-style-type: none"> <li>Commercially available in multiple countries around the world including the US, the EU and China</li> <li>Official distributors in multiple countries outside of its main market, including Argentina, Ecuador, and Israel</li> </ul>	--
	<ul style="list-style-type: none"> <li>Orthopedic Surgery</li> </ul>	<ul style="list-style-type: none"> <li>Mako SmartRobotics</li> </ul>	<ul style="list-style-type: none"> <li>Commercially available across 28 countries and in every state in the contiguous U.S</li> </ul>	Less RAS product coverage
	<ul style="list-style-type: none"> <li>Orthopedic Surgery</li> </ul>	<ul style="list-style-type: none"> <li>ROSA Robotics</li> </ul>	<ul style="list-style-type: none"> <li>Commercially available across Europe, North America Asia and the Middle East</li> </ul>	Less RAS product coverage
	<ul style="list-style-type: none"> <li>Orthopedic Surgery</li> </ul>	<ul style="list-style-type: none"> <li>CORI Surgical System</li> <li>NAVIO Surgical System</li> </ul>	<ul style="list-style-type: none"> <li>Commercially available in North America and India, pending approval in multiple countries around the World</li> </ul>	Less RAS product coverage and smaller global distribution

**ISRG will maintain a relative competitive advantage as its competitors mainly focused on highly specialized areas with small market shares**

# COMPETING PRODUCTS

INTUITIVE



Name:	Da Vinci	Senhance	Mazor X	Excelsius GPS	Revo-i Robot	Mako Robot
Company:	INTUITIVE	A SENSUS SURGICAL	Medtronic	GLOBUS MEDICAL	meerecompany	stryker
Headquarters:	U.S.	U.S.	Ireland	U.S.	South Korea	U.S.
Price:	\$1.5-\$2.5M	\$1.5-\$2.0M	\$850K	\$1.5M	\$2.0M	\$1.0M
Clinical Use:	Laparoscopy	Laparoscopy	Spine Surgery	Spine Surgery	Laparoscopy	Orthopedics
Product Launch:	2000	2017	2019	2020	2017	2006



Name:	Rosa Robots	Flex	Versius	SPORT	NAVIO System	Monarch
Company:	ZIMMER BIOMET	Medrobotics	CMR SURGICAL	TITAN MEDICAL	SmithNephew	AURIS
Headquarters:	U.S.	U.S.	U.K.	Canada	U.S.	U.S.
Price:	\$700K	\$1.0M	\$2.0M	\$1.0M	\$400-\$450K	\$500K
Clinical Use:	Brain/Spine Surgery	Endoluminal Surgery	Laparoscopy	Laparoscopy	Knee Replacement	Laparoscopy
Product Launch:	2006	2015	2019	2017	2016	2018

Current marketed competitive landscape appears crowded, covering different clinical applications, with ISRG leading the market

Source: Equity Research, Company Reports, Capital IQ, All publicly available information

Note: All figures are in USD



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# ERGONOMICS OF INDUSTRY PRODUCTS

INTUITIVE

	Stand/Seating Option	Lumbar Support	Head/Neck Support	3-D View of Patient	Immersive Visualization	Arm Rests/Support	Adjustable Console Height	Lockable Wheels
<b>Da Vinci System (ISRG)</b>	✓	✓	✓	✓	✓	✓	✓	✓
<b>SPORT (Titan Medical)</b>		✓		✓		✓	✓	✓
<b>Versius (CMR Surgical)</b>	✓	✓		✓			✓	✓
<b>Senhance (Asensus)</b>		✓		✓			✓	✓
<b>Rosa Robots (Zimmer Biomet)</b>				✓			✓	✓
<b>NAVIO System (Smith &amp; Nephew)</b>				✓			✓	✓
<b>Monarch (Auris, J&amp;J)</b>				✓				✓
<b>Mazor X (Medtronic)</b>				✓				✓

**ISRG's Surgical System exceeds all other competitive products in terms of ergonomics, allowing for a more positive experience for the surgeon**

# LAYOUT OF ISRG PRODUCTS

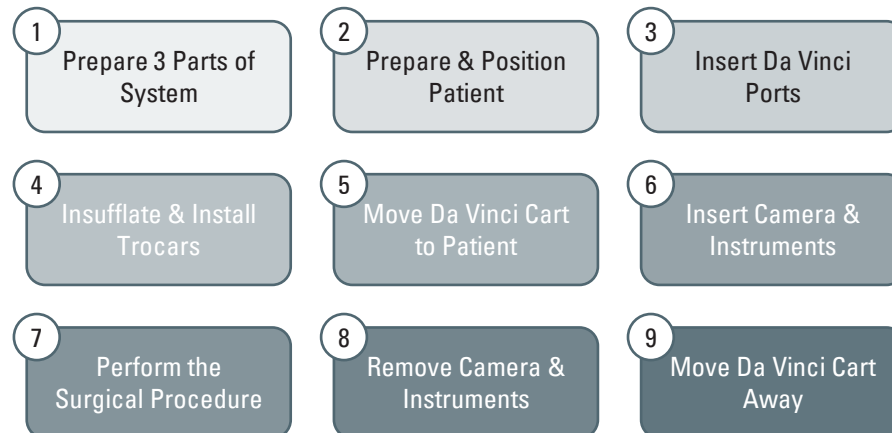
INTUITIVE

## Da Vinci System



Surgeon Console	Patient Cart	Vision Cart
Where surgeon sits and controls instruments	Positioned by patient, holds instruments	Allows for communication between components

### Workflow of Da Vinci Surgical System Procedure

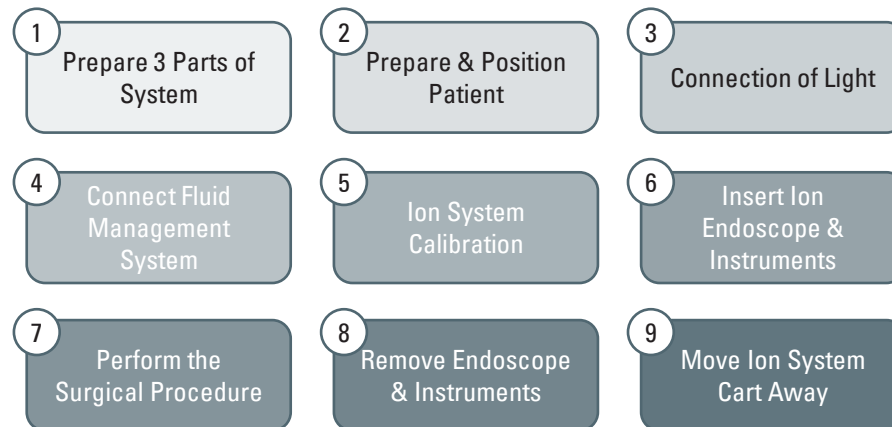


## Ion System



Ion System Cart	Ion System Monitor	Ion Controller
Contains all instruments for surgery and system monitor	Imaging technology with live views of procedure	Used to control the ion system during surgery




### Workflow of Ion Endoluminal Surgical System Procedure



The da Vinci and Ion Systems contain 3 main components that each play crucial roles in the medical procedures they perform



## Class I, II, and III Device Descriptions

Class Type			
Risk	Low-Moderate	Moderate-High	High
Control	Exempt from 501-K	Requires 510-K	Requires PMA
Tools/ Application	Non-Invasive Wound Care	Majority of Invasive Devices	Devices that Remain in Body

## Steps to Surgical System Approval

### (USA) FDA: 501-K Approval

- 1 Conformity Assessment (CA) procedure takes place, ensuring it complies with MDR
- 2 Device's class may require engagement of a NB. Must apply for procedure to NB
- 3 CE confirms that a device complies with GSPRs, and is granted the CE mark

### (EU) CE Mark: IIb

- 1 Recognition of Class II device, must be reviewed for 510(k) clearance
- 2 FDA must receive proper evidence of safety and effectiveness
- 3 Once FDA gives manufacturer 510(k) clearance, they are market approved

## Approval in Key Asian Countries

### Regulations in China


**NHC**




CNHC quotas can restrict expansion


Devices require regulatory approvals and compliance with extensive safety and regulations



Importation authorizations and provincial approvals


### Regulations in Japan







Must get approval from MHLW

Medical devices must undergo examinations and prove medical efficacy before receiving approval



Reimbursements crucial for adoption

## Further Information

Clearance Type		
What is it?	A premarket submission used to demonstrate safety	EU's mandatory conformity mark for regulating goods
How long is it valid?	No Expiration	3 Years
Meaning	Safe/effective and substantially equivalent	Object complies with regulations and safety

ISRG is faced with a wide variety of regulatory hurdles that span through markets across the globe. ISRG must keep up with the constantly evolving environment.

## Company Patent Overview

- Intuitive Surgical, Inc. is a major U.S. patent holder and ranks in the top 100 U.S. patent holders in the world
- The firm's most **innovative inventor is Daniel T. Wallace** from Redwood City, US. He hold a **total of 20 patents** that is related to the company's products
- Most impactful patent is "Platform link wrist mechanism" (U.S. Patent Number 7691098). This patent has been cited 832 times and has a total of 31 patent citations
- Most recent patent is "Support Apparatus For A Medical Retractor Device" (Publication number: 20220087668)

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Number of Inventor  
under ISRG





122

ISRG Total Number  
of Patents

March-2022

Most recent patent  
was published

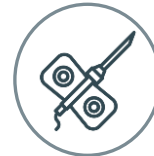
## Emerging Competitions

Company	Competitive RAS Product	Competitive Threat
	Mako System	Utilized ISRG Expired Patents to produce specialized procedure
	Navio System	Utilized ISRG Expired Patents to produce specialized procedure
	Senhance Surgical System	Performed some of ISRG product functions at lower cost
	Hugo RAS System	Have modular design and perform surgical procedures at lower cost

## Current Regulations

	United States Patent and Trademark Office	World Intellectual Property Organization
<b>Patent Life</b>	20 years counted from filing date in the US	20 years counted from the filing date
<b>Patent Application Time</b>	Approx. 36 months	Approx. 30 months
<b>Patent Renewal</b>	Generally, cannot be renewed	Possible to extended patent in some countries

## Continuous Innovations



Computer-controlled robotic catheters that only requires very small incision to perform complex surgery



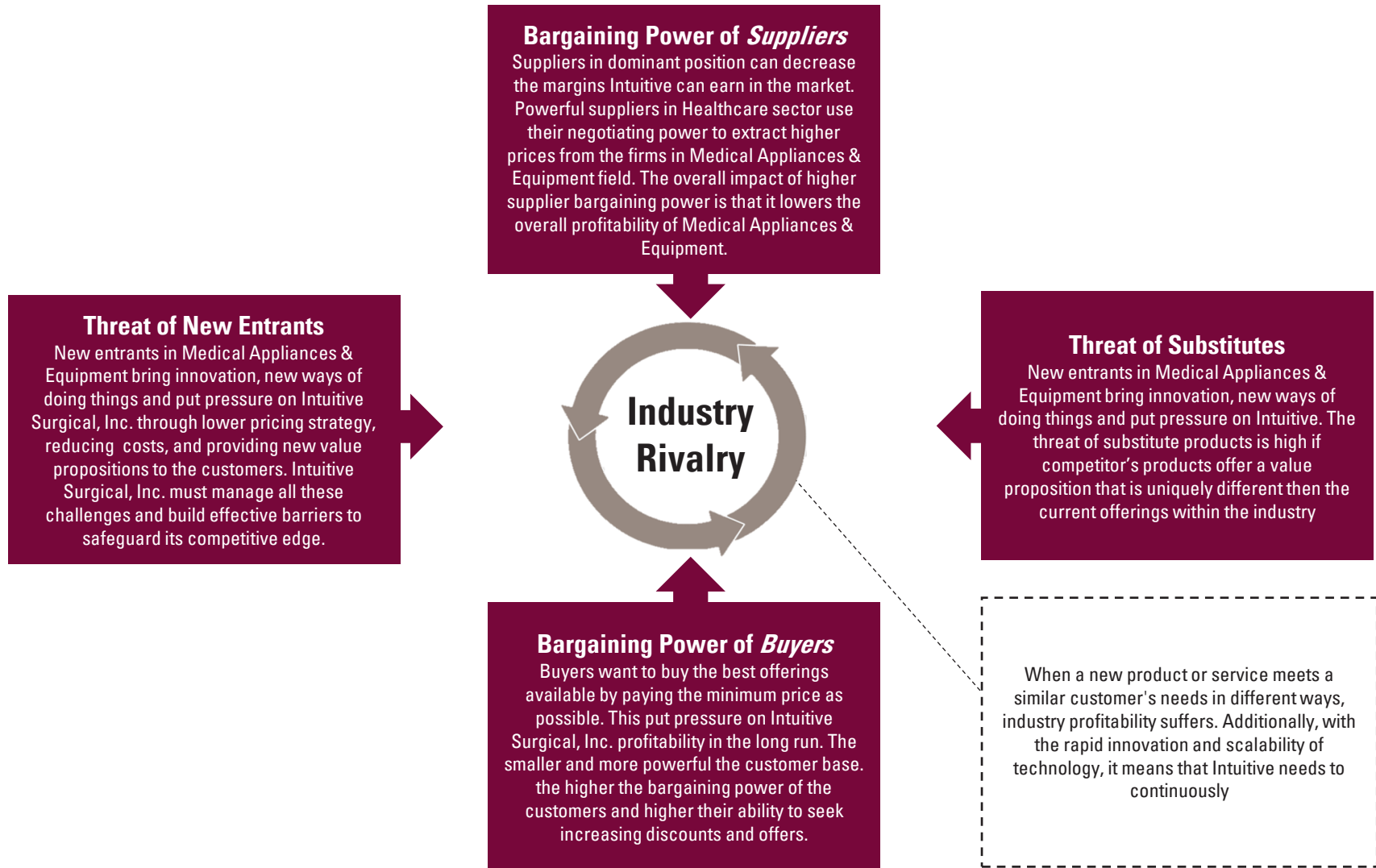
Imaging Improving Contrast Agent that can show tiny leakage that is not or barely visible to the naked eyes



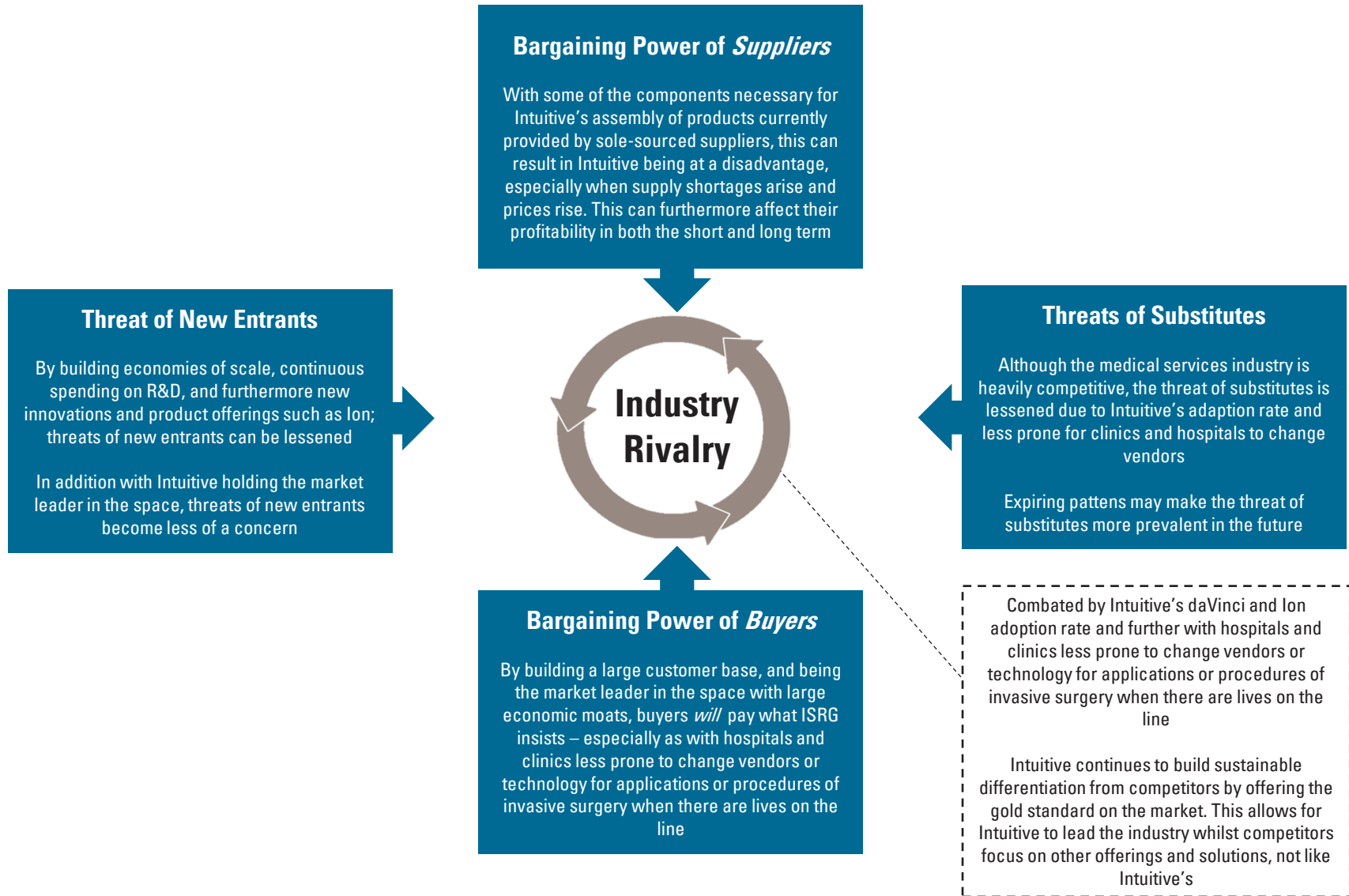
Intelligent surgical interfaces that helps to prevent data overflow to medical professionals

**With vast patent base and continuous innovations, Intuitive Surgical maintains its pioneering position in the RAS industry**




# PORTERS 5 FORCES: MEDICAL INDUSTRY



# PORTERS 5 FORCES: ISRG SPECIFIC



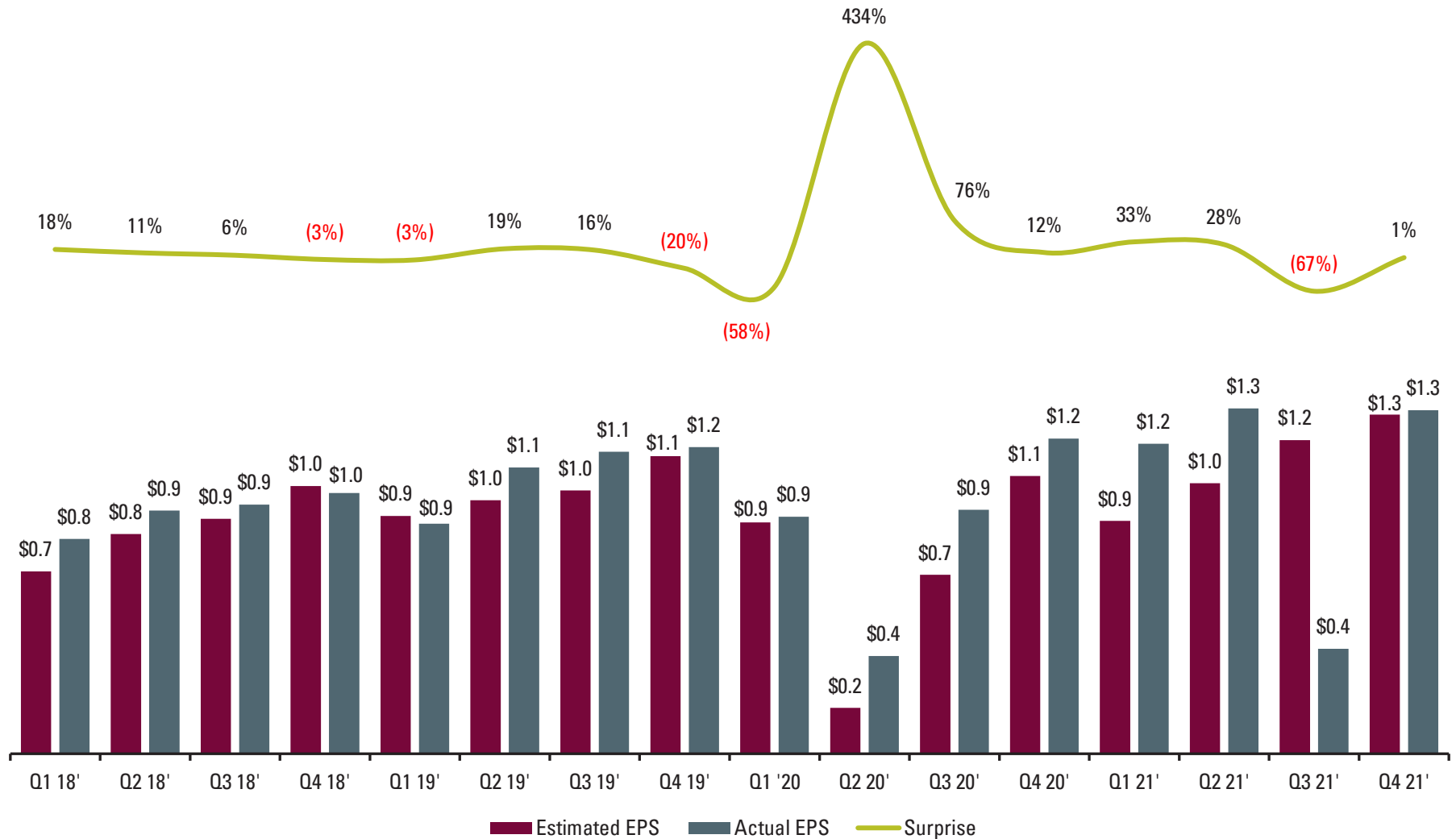
# RECENT ACQUISITIONS

	Orpheus Medical Ltd.	Schölly Fiberoptic	Luna Innovations Inc.
Logo			
Date	Feb. 10, 2020	July 15, 2019	Jan. 17, 2014
Deal Size	<b>\$38.0 Million</b> (Cash payment)	<b>\$101.4 Million</b> (Initial cash payment of \$34.4 million and deferred cash payment of \$67.0 million)	<b>\$19.9 Million</b> (Cash payment)
Company Description	Orpheus Medical provides hospitals with information technology connectivity, along with expertise in processing and archiving surgical video	Schölly Fiberoptic is a key player in visualization systems for minimally invasive diagnostic and surgical applications	Luna Innovations creates shape-sensing technology that provides real-time measurements to help surgeons during surgery
Rationale	Acquisition will help to deepen and expand their integrated informatics platform	Acquisition will help strengthen ISRGs supply chain and manufacturing volume for imaging devices	Acquisition will allow for the obtaining of shape-sensing technology and key component of their supply chain

**ISRG has a strong history in acquiring companies that enhance their presence and ability to compete in the robotic surgery market**

# STREET ESTIMATES VS REPORTED

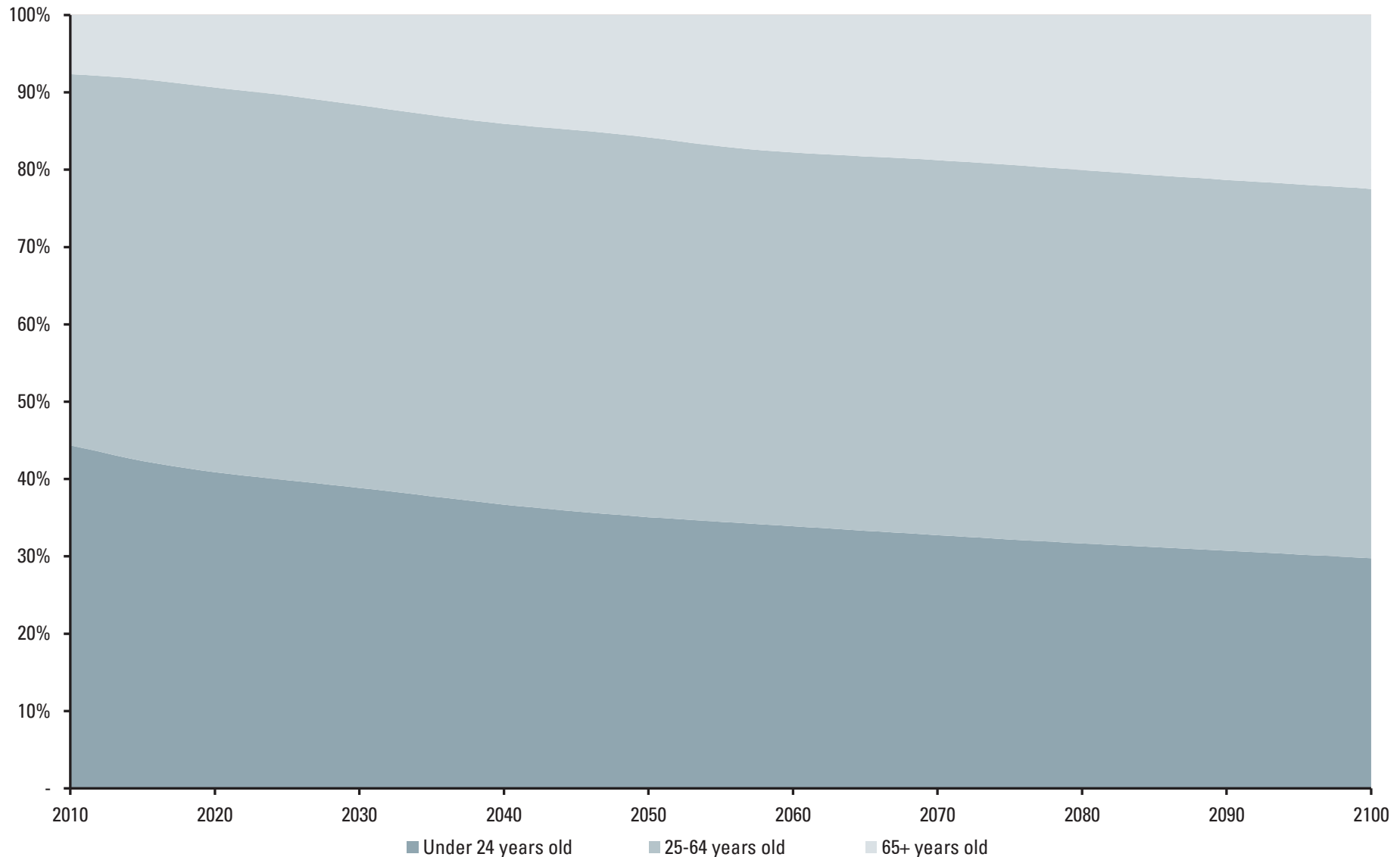
INTUITIVE



Equity research analysts are consistently under-forecasting the performance of ISRG, with ISRG reporting positive surprises most times

# AGING POPULATION OVERVIEW

INTUITIVE

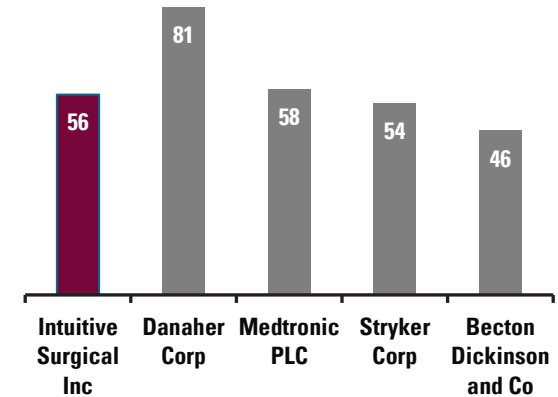
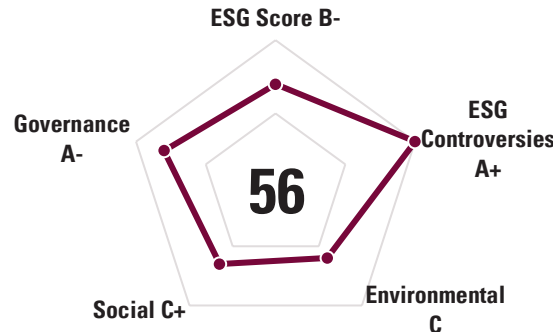


**A growing & aging population with complex surgery needs and x2 the surgery incidence rate will further accelerate market penetration**

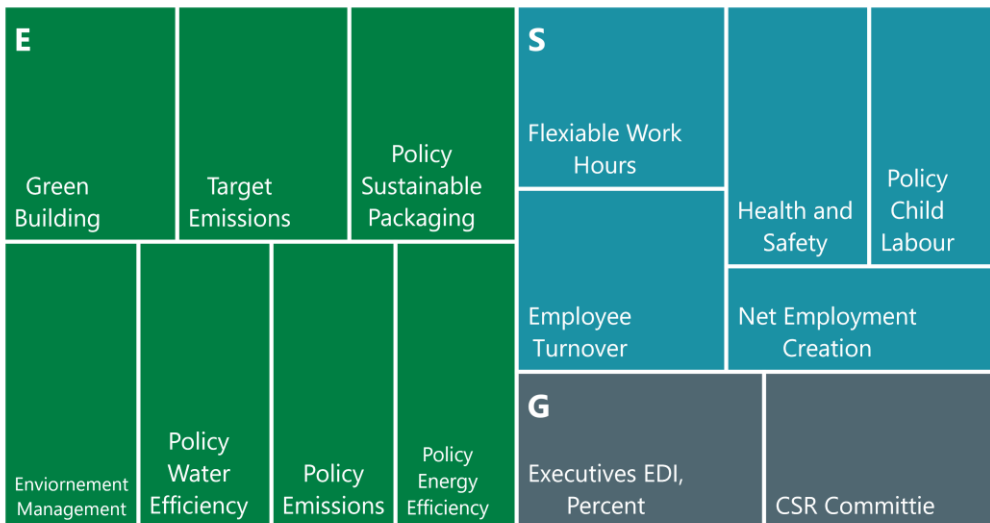
## Overview

*"We believe that minimally invasive care is life-enhancing care. Through ingenuity and intelligent technology, we expand the potential of physicians to heal without constraints"*

## Refinitiv ESG Scoring and Peer Benchmarking



## Materiality Assessment



♀ 35.6% Female representation across Intuitive

📄 Formalizing External Reporting in Alignment with Disclosure Standards, including those used by CDP

🏭 996.37+ MT of Greenhouse Gasses reduced

📄 Extraneous Supplier Code of Conduct maintaining ethical practises of Confidentiality, Integrity, & Legal Compliance

🌱 Intuitive Foundation Community Programs

**ESG Scores oftentimes do not give an accurate representation on a true ESG front. This becomes clear through the materiality assessment process**



# INCOME STATEMENT

Income Statement	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
<b>Revenue</b>												
Product	6,412	7,546	8,225	8,979	9,713	10,449	11,189	11,934	12,685	13,431	14,187	14,951
Service	1,323	1,522	1,712	1,908	2,109	2,316	2,529	2,748	2,975	3,208	3,449	3,700
<b>Total Revenue</b>	<b>7,735</b>	<b>9,067</b>	<b>9,937</b>	<b>10,888</b>	<b>11,822</b>	<b>12,765</b>	<b>13,718</b>	<b>14,682</b>	<b>15,660</b>	<b>16,638</b>	<b>17,636</b>	<b>18,651</b>
<b>Cost of Revenue</b>												
Product	1,988	2,317	2,500	2,703	2,894	3,083	3,267	3,449	3,628	3,801	3,972	4,141
Service	423	482	538	593	650	706	764	822	880	940	1,000	1,062
<b>Total Cost of Revenue</b>	<b>2,411</b>	<b>2,799</b>	<b>3,038</b>	<b>3,296</b>	<b>3,544</b>	<b>3,789</b>	<b>4,031</b>	<b>4,271</b>	<b>4,508</b>	<b>4,741</b>	<b>4,972</b>	<b>5,203</b>
<b>Gross Profit</b>	<b>5,324</b>	<b>6,268</b>	<b>6,899</b>	<b>7,591</b>	<b>8,278</b>	<b>8,976</b>	<b>9,687</b>	<b>10,411</b>	<b>11,151</b>	<b>11,898</b>	<b>12,663</b>	<b>13,447</b>
<i>Gross Profit Margin</i>	<i>69%</i>	<i>69%</i>	<i>69%</i>	<i>70%</i>	<i>70%</i>	<i>70%</i>	<i>71%</i>	<i>71%</i>	<i>71%</i>	<i>72%</i>	<i>72%</i>	<i>72%</i>
<b>Operating Expenses</b>												
Selling, General, Administrative	2,011	2,330	2,524	2,733	2,932	3,127	3,320	3,509	3,696	3,877	4,056	4,234
Research & Development	928	1,061	1,133	1,209	1,277	1,340	1,399	1,454	1,503	1,547	1,587	1,623
<b>Total Operating Expenses</b>	<b>2,939</b>	<b>3,391</b>	<b>3,657</b>	<b>3,941</b>	<b>4,209</b>	<b>4,468</b>	<b>4,719</b>	<b>4,962</b>	<b>5,199</b>	<b>5,424</b>	<b>5,643</b>	<b>5,856</b>
<b>Operating Income (EBIT)</b>	<b>2,385</b>	<b>2,877</b>	<b>3,242</b>	<b>3,650</b>	<b>4,069</b>	<b>4,508</b>	<b>4,968</b>	<b>5,449</b>	<b>5,952</b>	<b>6,473</b>	<b>7,020</b>	<b>7,591</b>
Interest And Other Income, Net	158	184	218	258	305	360	422	491	568	656	755	867
Income Before Income Taxes	2,542	3,061	3,460	3,908	4,375	4,868	5,390	5,940	6,521	7,129	7,775	8,458
Taxes	256	308	348	394	441	490	543	598	657	718	783	852
<b>Net Income</b>	<b>2,286</b>	<b>2,753</b>	<b>3,111</b>	<b>3,515</b>	<b>3,934</b>	<b>4,378</b>	<b>4,847</b>	<b>5,341</b>	<b>5,864</b>	<b>6,411</b>	<b>6,992</b>	<b>7,606</b>
<i>Less: Net Income - Non-Controlling Interest</i>	<i>25</i>	<i>26</i>	<i>27</i>	<i>29</i>	<i>30</i>	<i>31</i>	<i>33</i>	<i>35</i>	<i>36</i>	<i>38</i>	<i>40</i>	<i>42</i>
<b>Net Income Attributable to Intuitive Surgical</b>	<b>2,261</b>	<b>2,727</b>	<b>3,084</b>	<b>3,486</b>	<b>3,904</b>	<b>4,346</b>	<b>4,814</b>	<b>5,307</b>	<b>5,827</b>	<b>6,373</b>	<b>6,951</b>	<b>7,564</b>
<i>Net Income Per Share Attributable to Intuitive Surgical Inc.</i>												
<i>Basic</i>	<i>6.35</i>	<i>7.66</i>	<i>8.66</i>	<i>9.79</i>	<i>10.96</i>	<i>12.21</i>	<i>13.52</i>	<i>14.90</i>	<i>16.36</i>	<i>17.90</i>	<i>19.52</i>	<i>21.24</i>
<i>Diluted</i>	<i>6.18</i>	<i>7.45</i>	<i>8.43</i>	<i>9.53</i>	<i>10.67</i>	<i>11.88</i>	<i>13.16</i>	<i>14.51</i>	<i>15.93</i>	<i>17.42</i>	<i>19.00</i>	<i>20.68</i>
<i>Dividends Per Share</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>1.00</i>	<i>2.00</i>	<i>3.00</i>	<i>4.00</i>	<i>5.00</i>	<i>6.00</i>
<i>Shares Outstanding Attributable to Intuitive Surgical Inc.</i>												
<i>Basic</i>	<i>356</i>	<i>356</i>	<i>356</i>	<i>356</i>	<i>356</i>	<i>356</i>	<i>356</i>	<i>356</i>	<i>356</i>	<i>356</i>	<i>356</i>	<i>356</i>
<i>Diluted</i>	<i>366</i>	<i>366</i>	<i>366</i>	<i>366</i>	<i>366</i>	<i>366</i>	<i>366</i>	<i>366</i>	<i>366</i>	<i>366</i>	<i>366</i>	<i>366</i>

# BALANCE SHEET

Balance Sheet	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
<b>Assets</b>												
<b>Current Assets</b>												
Cash and cash equivalents	1,727	2,816	4,864	7,209	10,007	13,248	16,609	20,085	23,729	27,572	31,635	35,916
Short-term investments	4,566	5,353	5,866	6,428	6,979	7,536	8,098	8,668	9,245	9,823	10,411	11,011
Accounts Receivable	1,185	1,389	1,518	1,668	1,811	1,956	2,096	2,250	2,399	2,549	2,695	2,858
Inventory	936	1,097	1,199	1,317	1,430	1,545	1,655	1,777	1,895	2,013	2,128	2,257
Prepaid Expenses and other Current Assets	390	457	501	549	596	643	691	740	789	838	889	940
<b>Total Current Assets</b>	8,804	11,112	13,949	17,171	20,824	24,927	29,150	33,518	38,057	42,795	47,758	52,981
<b>Non-Current Assets</b>												
Property, Plant, and Equipment	2,228	2,612	2,978	3,330	3,668	3,993	4,308	4,612	4,908	5,194	5,472	5,743
Long-term investments	4,328	5,073	5,560	6,092	6,615	7,142	7,675	8,215	8,762	9,310	9,868	10,436
Deferred tax assets	441	441	441	441	441	441	441	441	441	441	441	441
Intangible and other assets, net	594	559	529	503	485	469	452	436	420	403	387	371
Goodwill	345	345	345	345	345	345	345	345	345	345	345	345
<b>Total Non-Current Assets</b>	7,936	9,030	9,853	10,711	11,553	12,390	13,221	14,049	14,875	15,692	16,512	17,335
<b>Total Assets</b>	16,741	20,143	23,801	27,882	32,377	37,317	42,371	47,568	52,932	58,487	64,270	70,316
<b>Liabilities</b>												
<b>Current Liabilities</b>												
Accounts Payable	183	213	230	251	269	288	306	325	343	360	377	395
Accrued Compensation and employee benefits	432	507	555	608	660	713	766	820	875	929	985	1,042
Deferred revenue	582	682	747	819	889	960	1,032	1,104	1,178	1,252	1,327	1,403
Other Accrued Liabilities	492	576	632	692	752	812	872	933	996	1,058	1,121	1,186
<b>Total Current Liabilities</b>	1,689	1,978	2,165	2,370	2,571	2,773	2,976	3,183	3,391	3,599	3,810	4,026
<b>Non-Current Liabilities</b>												
Other long-term liabilities	454	454	454	454	454	454	454	454	454	454	454	454
<b>Total Long-Term Liabilities</b>	454	454	454	454	454	454	454	454	454	454	454	454
<b>Total Liabilities</b>	2,143	2,431	2,618	2,824	3,024	3,226	3,429	3,636	3,845	4,053	4,264	4,480
<b>Shareholder's Equity</b>												
Preferred stock	--	--	--	--	--	--	--	--	--	--	--	--
Common stock	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4	0.4
Additional Paid-in Capital (APIC)	7,524	7,885	8,245	8,606	8,966	9,326	9,687	10,047	10,408	10,768	11,128	11,489
Retained Earnings	7,047	9,800	12,911	16,426	20,360	24,738	29,228	33,858	38,653	43,640	48,851	54,321
Accumulated other comprehensive income	(24)	(24)	(24)	(24)	(24)	(24)	(24)	(24)	(24)	(24)	(24)	(24)
<b>Total Intuitive Surgical Stockholder's Equity</b>	14,548	17,661	21,133	25,008	29,302	34,040	38,891	43,881	49,037	54,384	59,956	65,786
Noncontrolling Interests	50	50	50	50	50	50	50	50	50	50	50	50
<b>Total Shareholder's Equity</b>	14,598	17,711	21,183	25,058	29,352	34,091	38,942	43,931	49,087	54,435	60,006	65,836
<b>Total Liabilities and Shareholder's Equity</b>	16,741	20,143	23,801	27,882	32,377	37,317	42,371	47,568	52,932	58,487	64,270	70,316

# CASH FLOW STATEMENT

Cash Flow Statement	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E
Net Income	2,286	2,753	3,111	3,515	3,934	4,378	4,847	5,341	5,864	6,411	6,992	7,606
Depreciation and loss on disposal of PPE	290	327	362	396	429	461	493	524	555	586	616	647
Amortization of intangible assets	24	19	15	10	3	1	1	1	1	1	1	1
Loss (gain) on investments, ammortization of premiums on investments	--	--	--	--	--	--	--	--	--	--	--	--
Deferred income taxes	--	--	--	--	--	--	--	--	--	--	--	--
Share-based compensation expense	360	360	360	360	360	360	360	360	360	360	360	360
Amortization of contract acquisition assets	16	16	16	16	16	16	16	16	16	16	16	16
Accounts Receivable	(402)	(204)	(129)	(150)	(143)	(145)	(140)	(153)	(150)	(150)	(145)	(163)
Inventory	(349)	(161)	(102)	(118)	(113)	(114)	(111)	(121)	(118)	(118)	(115)	(129)
Prepaid Expenses and Other Assets	(119)	(67)	(44)	(48)	(47)	(48)	(48)	(49)	(49)	(49)	(50)	(51)
Accounts Payable	62	29	18	20	19	19	18	19	18	18	17	19
Accrued compensation and employee benefits	82	74	49	53	52	53	53	54	55	55	56	57
Deferred revenue	205	100	65	71	70	71	72	73	74	74	75	76
Other liabilities	190	85	55	60	59	60	61	61	62	62	63	65
<b>Net Cash Provided by Operating Activities</b>	<b>2,645</b>	<b>3,331</b>	<b>3,776</b>	<b>4,186</b>	<b>4,639</b>	<b>5,112</b>	<b>5,620</b>	<b>6,126</b>	<b>6,687</b>	<b>7,264</b>	<b>7,885</b>	<b>8,503</b>
Purchase of investments	(1,566)	(1,532)	(1,000)	(1,093)	(1,074)	(1,085)	(1,095)	(1,109)	(1,124)	(1,125)	(1,147)	(1,167)
Proceeds from sales of investments	--	--	--	--	--	--	--	--	--	--	--	--
Proceeds from maturities of investments	--	--	--	--	--	--	--	--	--	--	--	--
Purchase of PP&E and Intellectual Property	(642)	(710)	(728)	(748)	(767)	(787)	(807)	(829)	(851)	(871)	(894)	(918)
Acquisition of businesses, net of cash	--	--	--	--	--	--	--	--	--	--	--	--
<b>Net Cash Provided by (Used in) Investing Activities</b>	<b>(2,208)</b>	<b>(2,242)</b>	<b>(1,729)</b>	<b>(1,841)</b>	<b>(1,841)</b>	<b>(1,871)</b>	<b>(1,903)</b>	<b>(1,937)</b>	<b>(1,975)</b>	<b>(1,997)</b>	<b>(2,041)</b>	<b>(2,085)</b>
Proceeds from issuances of common stock relating to employee stock plans	--	--	--	--	--	--	--	--	--	--	--	--
Taxes paid related to net share sttlement of equity awards	--	--	--	--	--	--	--	--	--	--	--	--
Treasury Stock/Repurchase of common stock	--	--	--	--	--	--	--	--	--	--	--	--
Capital contribution from noncontrolling interest	--	--	--	--	--	--	--	--	--	--	--	--
Payment of deferred purchase consideration	--	--	--	--	--	--	--	--	--	--	--	--
Common dividends	--	--	--	--	--	--	(356)	(712)	(1,068)	(1,424)	(1,781)	(2,137)
<b>Net Cash Provided by (Used in) Financing Activities</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>--</b>	<b>(356)</b>	<b>(712)</b>	<b>(1,068)</b>	<b>(1,424)</b>	<b>(1,781)</b>	<b>(2,137)</b>
Effect of Fx rate changes on cash, equivalents, and restricted cash	--	--	--	--	--	--	--	--	--	--	--	--
<b>Net increase (decrease) in cash, equivalents, and restricted cash</b>	<b>437</b>	<b>1,089</b>	<b>2,048</b>	<b>2,345</b>	<b>2,798</b>	<b>3,240</b>	<b>3,361</b>	<b>3,476</b>	<b>3,644</b>	<b>3,843</b>	<b>4,063</b>	<b>4,281</b>
Cash, cash equivalents, and restricted cash, beginning of the year	1,306	1,743	2,832	4,880	7,225	10,023	13,263	16,625	20,101	23,744	27,587	31,650
Cash, cash equivalents, and restricted cash, end of year	1,743	2,832	4,880	7,225	10,023	13,263	16,625	20,101	23,744	27,587	31,650	35,932
Restricted Cash	16	16	16	16	16	16	16	16	16	16	16	16
Cash, cash equivalents, end of year	1,727	2,816	4,864	7,209	10,007	13,248	16,609	20,085	23,729	27,572	31,635	35,916

# APPENDIX SLIDES

### MANAGEMENT OVERVIEW

**Key Executives:**

- Dr. Robert J. Levine, MD, FRCGS, FRCR, FRCRCSI** - President and Chief Executive Officer
- Dr. Michael J. Smith, MD, FRCGS, FRCR, FRCRCSI** - President and Chief Medical Officer
- Dr. David J. Smith, MD, FRCGS, FRCR, FRCRCSI** - President and Chief Medical Officer
- Dr. David J. Smith, MD, FRCGS, FRCR, FRCRCSI** - President and Chief Medical Officer

**Key Metrics:**

- 2023 revenue of \$1.2 billion, up from \$1.1 billion in 2022.
- 2023 operating margin of 18.5%, up from 17.5% in 2022.
- 2023 EBITDA of \$220 million, up from \$210 million in 2022.

### EXPANSION IN SURGICAL ROBOTIC MARKETS

**Market Growth:**

- Global Surgical Robotic Market: \$1.2 billion in 2023, up from \$1.1 billion in 2022.
- Intuitive's Market Share: 15% in 2023, up from 14% in 2022.

**Key Products:**

- da Vinci System:** Intuitive's flagship surgical robotic system, used for a wide range of minimally invasive surgical procedures.
- da Vinci SP System:** Intuitive's latest surgical robotic system, designed for minimally invasive surgical procedures.

### TOTAL DA VINCI GEOGRAPHIC PLACEMENT

**Global Distribution:**

- North America:** 45% of total da Vinci units.
- Europe:** 35% of total da Vinci units.
- Asia:** 15% of total da Vinci units.
- Latin America:** 5% of total da Vinci units.
- Africa:** 2% of total da Vinci units.
- Oceania:** 1% of total da Vinci units.

### MACRO VALUE CHAIN

**Value Chain:**

- Raw Materials:** Titanium, stainless steel, polymers.
- Manufacturing:** Precision machining, assembly, testing.
- Distribution:** Global distribution network.
- End Users:** Hospitals, surgeons, patients.

### KEY SUPPLIERS

**Key Suppliers:**

- LUNA:** Surgical instruments, end effectors.
- ISI:** Surgical instruments, end effectors.
- Smithers:** Surgical instruments, end effectors.
- mks:** Surgical instruments, end effectors.
- NETSUT:** Surgical instruments, end effectors.
- meridian:** Surgical instruments, end effectors.
- UCT:** Surgical instruments, end effectors.
- ENCISION:** Surgical instruments, end effectors.

### MANUFACTURING PROCESS & ISRG'S SALES MODEL

**Manufacturing Process:**

- Design:** Product design and development.
- Production:** Precision machining, assembly, testing.
- Distribution:** Global distribution network.
- Sales:** Direct sales to hospitals, surgeons, patients.

**Sales Model:**

- Direct Sales:** Intuitive's primary sales model, where products are sold directly to hospitals, surgeons, and patients.
- Indirect Sales:** Intuitive's secondary sales model, where products are sold through third-party distributors.

### PRICING POWER ANALYSIS

**Price Trends:**

- da Vinci System:** Price has increased from \$1.2 million in 2015 to \$1.5 million in 2023.
- da Vinci SP System:** Price has increased from \$0.8 million in 2015 to \$1.0 million in 2023.

**Competitive Positioning:**

- Intuitive's products are priced at a premium compared to other surgical robotic systems.
- Intuitive's products are priced at a premium compared to other surgical robotic systems.

### COMPETITIVE LANDSCAPE

**Competitive Landscape:**

- Intuitive:** da Vinci System, da Vinci SP System.
- Medtronic:** Hugo System, Hugo II System.
- Johnson & Johnson:** VELUX System, VELUX II System.
- Other Competitors:** Aesculap, Bovie, etc.

### COMPETING PRODUCTS

**Competing Products:**

- da Vinci System:** Intuitive's flagship surgical robotic system.
- da Vinci SP System:** Intuitive's latest surgical robotic system.
- da Vinci S System:** Intuitive's previous surgical robotic system.

### ERGONOMICS OF INDUSTRY PRODUCTS

**Ergonomics Data:**

Product	Weight	Height	Reach	Force	Frequency	Posture	Duration
da Vinci System	150 lbs	5'10"	100"	10 lbs	1000	90°	10 min
da Vinci SP System	100 lbs	5'10"	100"	10 lbs	1000	90°	10 min
da Vinci S System	150 lbs	5'10"	100"	10 lbs	1000	90°	10 min

### LAYOUT OF ISRG PRODUCTS

**Product Layout:**

- da Vinci System:** Main console, cart, end effector, grasper.
- da Vinci SP System:** Main console, cart, end effector, grasper.
- da Vinci S System:** Main console, cart, end effector, grasper.

### REGULATIONS

**Regulatory Requirements:**

- FDA:** FDA 510(k) clearance for all surgical robotic systems.
- CE:** CE mark for all surgical robotic systems.
- Other:** Various international regulatory requirements.

### PATENT AND R&D

**Patent Portfolio:**

- da Vinci System:** 100+ patents.
- da Vinci SP System:** 50+ patents.
- da Vinci S System:** 100+ patents.

### PORTER'S 5 FORCES: MEDICAL INDUSTRY

**Porter's 5 Forces:**

- Threat of New Entrants:** High.
- Bargaining Power of Suppliers:** High.
- Bargaining Power of Buyers:** High.
- Threat of Substitution:** High.
- Industry Rivalry:** High.

### PORTER'S 5 FORCES: ISRG SPECIFIC

**Porter's 5 Forces:**

- Threat of New Entrants:** High.
- Bargaining Power of Suppliers:** High.
- Bargaining Power of Buyers:** High.
- Threat of Substitution:** High.
- Industry Rivalry:** High.

### RECENT ACQUISITIONS

**Recent Acquisitions:**

- CRPHEMEDICAL:** Acquired in 2023.
- Amity:** Acquired in 2023.
- LUNA:** Acquired in 2023.

### STREET ESTIMATES VS REPORTED

**Market Performance:**

- da Vinci System:** Street estimate of \$1.2 million, reported of \$1.5 million.
- da Vinci SP System:** Street estimate of \$0.8 million, reported of \$1.0 million.

### AGING POPULATION OVERVIEW

**Demographic Trends:**

- Population Growth:** 10% increase from 2015 to 2023.
- Aging Population:** 15% increase from 2015 to 2023.

### ESG ANALYSIS

**ESG Performance:**

- Environmental:** 100% renewable energy.
- Social:** 100% employee satisfaction.
- Governance:** 100% board independence.

### Financial Statements

**Financial Performance:**

- Revenue:** \$1.2 billion in 2023, up from \$1.1 billion in 2022.
- Operating Profit:** \$220 million in 2023, up from \$210 million in 2022.
- Net Income:** \$150 million in 2023, up from \$140 million in 2022.