

ModernGraham Valuation

Company Name:

Intuitive Surgical, Inc.

Company Ticker ISRG

Date of Analysis

9/8/2015



Stage 1: Is this company suitable for the Defensive Investor or the Enterprising Investor?

Defensive Investor; must pass 6 out of the following 7 tests.

1. Adequate Size of the Enterprise	Market Cap > \$2Bil	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	Pass
3. Earnings Stability	Positive EPS for 10 years prior	Pass
4. Dividend Record	Dividend Payments for 10 years prior	Fail
	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	Pass
5. Earnings Growth	PEmg < 20	Fail
6. Moderate PEmg Ratio	PB Ratio < 2.5 OR PB*PEmg < 50	Fail
7. Moderate Price to Assets		

Enterprising Investor; must pass 4 out of the following 5 tests, or be suitable for the Defensive Investor.

1. Sufficiently Strong Financial Condition	Current Ratio > 1.5	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	Pass
3. Earnings Stability	Positive EPS for 5 years prior	Pass
4. Dividend Record	Currently Pays Dividend	Fail
5. Earnings Growth	EPSmg greater than 5 years ago	Pass

Suitability

Defensive	No
Enterprising	Yes

Stage 2: Determination of Intrinsic Value

EPSmg	\$14.16
MG Growth Estimate	9.28%
MG Value	\$383.02
MG Value based on 3% Growth	\$205.28
MG Value based on 0% Growth	\$120.34
Market Implied Growth Rate	14.14%

MG Opinion

Current Price	\$520.64
% of Intrinsic Value	135.93%
Opinion	Overvalued

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$42.37
Graham Number	\$182.11
PEmg	36.78
Current Ratio	4.56
PB Ratio	5.19
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

Useful Links:

ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$14.69	Next Fiscal Year Estimate	\$14.16
Dec14	\$11.11	Dec14	\$13.63
Dec13	\$16.73	Dec13	\$13.96
Dec12	\$15.98	Dec12	\$11.64
Dec11	\$12.32	Dec11	\$8.75
Dec10	\$9.47	Dec10	\$6.38
Dec09	\$5.93	Dec09	\$4.50
Dec08	\$5.12	Dec08	\$3.45
Dec07	\$3.70	Dec07	\$2.30
Dec06	\$1.89	Dec06	\$1.31
Dec05	\$2.51	Dec05	\$0.73
Dec04	\$0.67	Dec04	-\$0.32
Dec03	-\$0.41	Dec03	-\$1.31
Dec02	-\$1.02	Dec02	-\$3.00
Dec01	-\$0.94	Dec01	-\$4.42
Dec00	-\$1.56	Dec00	-\$5.81
Dec99	-\$7.62	Dec99	-\$6.88
Dec98	-\$16.28	Balance Sheet Information Jun15	
Dec97	\$0.00	Total Current Assets	\$2,163,200,000
Dec96	\$0.00	Total Current Liabilities	\$474,400,000
Dec95	\$0.00	Long-Term Debt	\$0
		Total Assets	\$4,354,500,000
		Intangible Assets	\$326,700,000
		Total Liabilities	\$561,800,000
		Shares Outstanding (Diluted Average)	37,800,000



Disclaimer:

This valuation is not investment advice. Anyone who is considering making an investment decision should speak to a registered investment advisor.

The author did not hold a position in any company mentioned in this article at the time of publication and had no intention of changing those holdings within the next 72 hours.

Recommended Reading:

**Other
ModernGraham
posts about the
company**

[Intuitive Surgical Analysis – June 2015 Update \\$ISRG](#)
[23 Companies in the Spotlight This Week – 3/9/15](#)
[Intuitive Surgical Inc. Quarterly Valuation – March 2015 \\$ISRG](#)
[32 Companies in the Spotlight This Week – 12/6/14](#)
[Intuitive Surgical Inc. Quarterly Valuation – December 2014 \\$ISRG](#)

**Other
ModernGraham
posts about related
companies**

[Dentsply International Inc. Analysis – August 2015 Update \\$XRAY](#)
[Becton Dickinson & Company Analysis – August 2015 Update \\$BDX](#)
[Align Technology Analysis – Initial Coverage \\$ALGN](#)
[Varian Medical Systems Inc Analysis – August 2015 Update \\$VAR](#)
[Psychemedics Corporation Analysis – August 2015 Update \\$PMD](#)
[C.R. Bard Inc. Analysis – August 2015 Update \\$BCR](#)
[Thermo Fisher Scientific Inc. Analysis – 2015 Update \\$TMO](#)
[Express Scripts Inc. Analysis – 2015 Update \\$ESRX](#)
[HCA Holdings Inc. Analysis – Initial Coverage \\$HCA](#)
[Henry Schein Inc. Analysis – Initial Coverage \\$HSIC](#)