ModernGraham Valuation

Company Name: Intuitive Surgical, Inc.

Company Ticker ISRG

Date of Analysis 1/30/2016

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	$19,676,150,236	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	6.65	Pass
3. Earnings Stability	Positive EPS for 10 years prior		Pass
4. Dividend Record	Dividend Payments for 10 years prior		Fail
5. Earnings Growth	Increase of 33% in EPS in past 10 years using 3 year averages at beginning and end	201.47%	Pass
6. Moderate PEmg Ratio	PEmg < 20	34.51	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	4.67	Fail

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	6.65	Pass
2. Sufficiently Strong Financial Condition	Debt to NCA < 1.1	0.00	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	$15.67
MG Growth Estimate	5.20%
MG Value	**$296.13**
MG Value based on 3% Growth	$227.23
MG Value based on 0% Growth	$133.21
Market Implied Growth Rate	13.01%

MG Opinion

Current Price		$540.85
% of Intrinsic Value		182.64%
Opinion	**Overvalued**	

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	$89.07
Graham Number	$221.73
PEmg	34.51
Current Ratio	6.65
PB Ratio	4.67
Dividend Yield	0.00%
Number of Consecutive Years of Dividend Growth	0

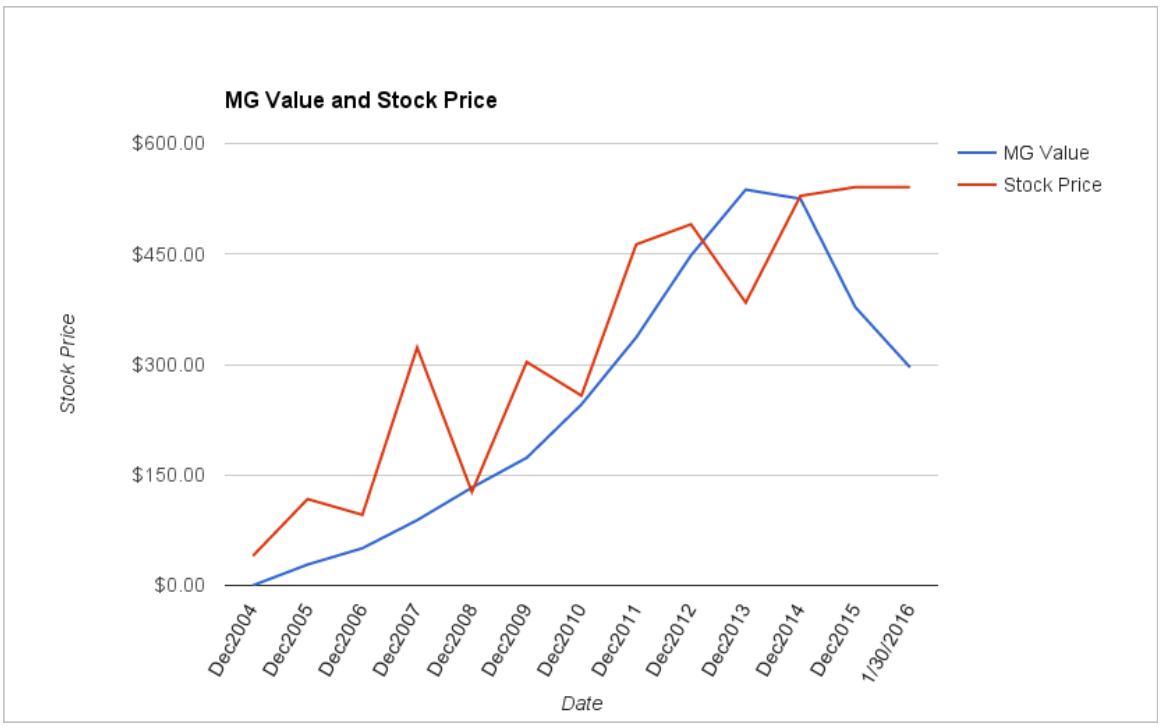
Useful Links:

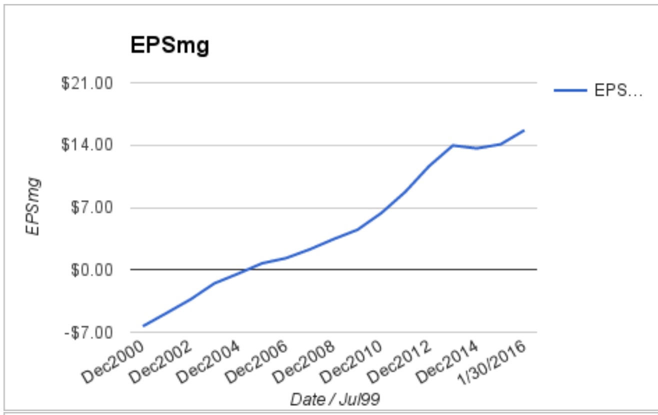
ModernGraham tagged articles	Morningstar
Google Finance	MSN Money
Yahoo Finance	Seeking Alpha
GuruFocus	SEC Filings

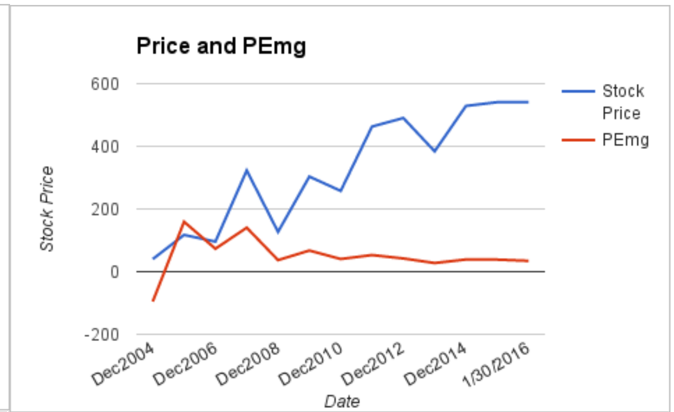
EPS History	
Next Fiscal Year Estimate	$18.87
Dec2015	$14.49
Dec2014	$11.11
Dec2013	$16.73
Dec2012	$15.98
Dec2011	$12.32
Dec2010	$9.47
Dec2009	$5.93
Dec2008	$5.12
Dec2007	$3.70
Dec2006	$1.89
Dec2005	$2.51
Dec2004	$0.67
Dec2003	-$0.41
Dec2002	-$1.01
Dec2001	-$0.93
Dec2000	-$3.12
Dec1999	-$7.62
Dec1998	-$16.28
Dec1997	$0.00
Dec1996	$0.00

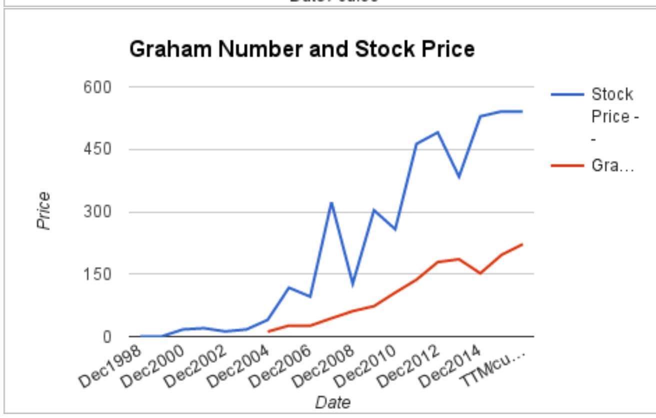
EPSmg History	
Next Fiscal Year Estimate	$15.67
Dec2015	$14.09
Dec2014	$13.63
Dec2013	$13.96
Dec2012	$11.64
Dec2011	$8.75
Dec2010	$6.38
Dec2009	$4.50
Dec2008	$3.45
Dec2007	$2.30
Dec2006	$1.31
Dec2005	$0.74
Dec2004	-$0.42
Dec2003	-$1.52
Dec2002	-$3.31
Dec2001	-$4.84
Dec2000	-$6.33

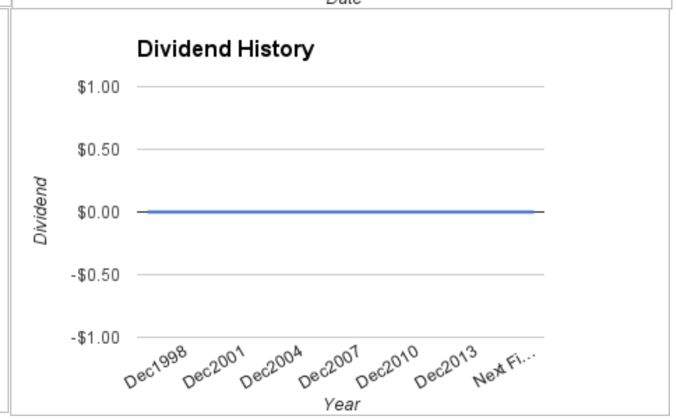
Balance Sheet Information	**Dec2015**
Total Current Assets	$3,910,000,000
Total Current Liabilities	$587,800,000
Long-Term Debt	$0
Total Assets	$4,907,300,000
Intangible Assets	$201,100,000
Total Liabilities	$587,800,000
Shares Outstanding (Diluted Average)	37,300,000











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 Inc. Analysis – September 2015 Update $ISRG
- 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

Other ModernGraham posts about related companies

- PerkinElmer Inc Valuation – January 2016 Update $PKI
- Quest Diagnostics Inc Valuation – January 2016 Update $DGX
- Dentsply International Inc Valuation – November 2015 Update $XRAY
- UnitedHealth Group Inc. Valuation – November 2015 Update $UNH
- DaVita HealthCare Partners Inc Valuation – November 2015 Update $DVA
- Align Technology Inc. Valuation – November 2015 Update $ALGN
- Varian Medical Systems Inc. Valuation – November 2015 Update $VAR
- Psychemedics Corporation Valuation – November 2015 Update $PMD
- C.R. Bard Inc. Valuation – November 2015 Update $BCR
- Henry Schein Inc. Valuation – October 2015 Update $HSIC