

ModernGraham Valuation

Company Name:

Intuitive Surgical, Inc.

Company Ticker ISRG

Date of Analysis

7/9/2016



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	\$26,160,613,569	Pass
2. Sufficiently Strong Financial Condition	Current Ratio > 2	5.31	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	203.08%	Pass
6. Moderate PEmg Ratio	PEmg < 20	43.29	Fail
7. Moderate Price to Assets	PB Ratio < 2.5 OR PB*PEmg < 50	5.50	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	5.31	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	\$15.68
MG Growth Estimate	5.21%
MG Value	\$296.65
MG Value based on 3% Growth	\$227.36
MG Value based on 0% Growth	\$133.28
Market Implied Growth Rate	17.40%

MG Opinion

Current Price	\$678.84
% of Intrinsic Value	228.83%
Opinion	Overvalued
MG Grade	C-

Stage 3: Information for Further Research

Net Current Asset Value (NCAV)	\$48.06
Graham Number	\$225.05
PEmg	43.29
Current Ratio	5.31
PB Ratio	5.50
Current Dividend	\$0.00
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

EPS History		EPSmg History	
Next Fiscal Year Estimate	\$18.05	Next Fiscal Year Estimate	\$15.68
Dec2015	\$15.54	Dec2015	\$14.44
Dec2014	\$11.11	Dec2014	\$13.63
Dec2013	\$16.73	Dec2013	\$13.96
Dec2012	\$15.98	Dec2012	\$11.64
Dec2011	\$12.32	Dec2011	\$8.75
Dec2010	\$9.47	Dec2010	\$6.38
Dec2009	\$5.93	Dec2009	\$4.50
Dec2008	\$5.12	Dec2008	\$3.45
Dec2007	\$3.70	Dec2007	\$2.30
Dec2006	\$1.89	Dec2006	\$1.31
Dec2005	\$2.51	Dec2005	\$0.73
Dec2004	\$0.67	Dec2004	-\$0.32
Dec2003	-\$0.41	Dec2003	-\$1.31
Dec2002	-\$1.02	Dec2002	-\$3.00
Dec2001	-\$0.94	Dec2001	-\$4.42
Dec2000	-\$1.56	Dec2000	-\$5.81
Dec1999	-\$7.62	Balance Sheet Information 3/1/2016	
Dec1998	-\$16.28	Total Current Assets	\$2,406,400,000
Dec1997	\$0.00	Total Current Liabilities	\$452,900,000
Dec1996	\$0.00	Long-Term Debt	\$0
		Total Assets	\$5,306,300,000
		Intangible Assets	\$332,600,000
		Total Liabilities	\$555,900,000
		Shares Outstanding (Diluted Average)	38,500,000





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 Valuation – January 2016 Update \\$ISRG](#)
- [Intuitive Surgical Inc. Analysis – September 2015 Update \\$ISRG](#)
- [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](#)

Other ModernGraham posts about related companies

- [Cardinal Health Inc Valuation – July 2016 \\$CAH](#)
- [PerkinElmer Inc Valuation – July 2016 \\$PKI](#)
- [Varian Medical Systems Inc Valuation – July 2016 \\$VAR](#)
- [St. Jude Medical Inc Valuation – June 2016 \\$STJ](#)
- [Zimmer Biomet Holdings Inc Valuation – June 2016 \\$ZBH](#)
- [Waters Corporation Valuation – May 2016 \\$WAT](#)
- [Align Technology Inc Valuation – May 2016 \\$ALGN](#)
- [C.R. Bard Inc Stock Valuation – February 2016 \\$BCR](#)
- [Psychemedics Corp Stock Valuation – February 2016 \\$PMD](#)
- [Patterson Companies Inc Stock Valuation – February 2016 \\$PDCO](#)