



Intuitive Surgical Announces \$12.7 Million Second Quarter Revenue

July 26, 2001 at 12:00 AM EDT

12 da Vinci Systems Sold

Gross Margin Improves to 48%

MOUNTAIN VIEW, Calif.--(BUSINESS WIRE)--July 26, 2001--Intuitive Surgical, Inc. (NASDAQ: [ISRG - news](#)), the leader in precision surgical robotics, today reported sales of \$12.7 million in the second quarter of 2001, up 148% from \$5.1 million in sales reported in the second quarter of 2000. The sale and installation of 12 da Vinci(TM) Surgical Systems drove second quarter 2001 revenue growth, compared with 6 da Vinci(TM) Surgical Systems in the second quarter of 2000. Second quarter 2001 sales increased \$0.6 million, or 5% compared to first quarter 2001. The growth was due primarily to increased instrument and accessory sales. Intuitive reported total first half 2001 sales of \$24.8 million driven by the sale and installation of 24 da Vinci(TM) Surgical Systems. The total installed base of da Vinci(TM) Surgical Systems is now 64.

Total second quarter systems sales were \$10.9 million, instruments and accessories \$1.4 million, and service \$0.4 million. The following table summarizes second quarter 2001 revenue compared to the prior year and prior quarter:

	Q201	Q200	Increase	Q101	Increase
Revenue (\$ Millions)					
Systems	\$ 10.9	\$ 4.7	\$ 6.2	\$ 10.9	\$ 0.0
Instruments/Accys	\$ 1.4	\$ 0.3	\$ 1.1	\$ 0.9	\$ 0.5
Service	\$ 0.4	\$ 0.1	\$ 0.3	\$ 0.3	\$ 0.1
	-----	-----	-----	-----	-----
	\$ 12.7	\$ 5.1	\$ 7.6	\$ 12.1	\$ 0.6

System Population

Installations	12	6	6	12	0
Total Installed Base	64	21	43	52	12

Intuitive's gross margin for the second quarter of 2001 was 48%, compared with 32% for the second quarter of 2000. Second quarter 2001 gross margin of 48% improved 2% compared to 46% in the first quarter of 2001. Gross margin improvement resulted largely from increased manufacturing efficiency and cost reduction programs.

Net loss for the second quarter of 2001 was \$4.2 million, compared to a net loss of \$4.5 million for the second quarter of 2000. Second quarter 2001 basic and diluted net loss per share was \$0.12, compared to a net loss per share of \$0.23 for the second quarter of 2000. Net loss for the first half of 2001 was \$7.7 million.

Commenting on the announcement, Lonnie Smith, President and CEO of Intuitive Surgical said: "We are very pleased with our second quarter financial results and continued sales growth. We are delighted with our system usage momentum and growing instrument and accessory revenue. During the quarter we invested in further system usage by training another 96 surgeons and adding another 4 customer support personnel to our field organization."

The company will also announce these results at a conference call today at 1:30 PM PT. The dial-in numbers for this call are 888-282-8353 for U.S. calls and 415-228-3886 for international calls. The passcode is ISRG and the meeting leader is Mr. Lonnie Smith.

About the da Vinci(TM) Surgical System:

The da Vinci(TM) Surgical System consists of a surgeon's viewing and control console having an integrated, high-performance InSite(TM) 3-D vision system, a patient-side cart consisting of three robotic arms that position and precisely maneuver endoscopic instruments and an endoscope, and a variety of articulating EndoWrist(TM) Instruments. By integrating computer-enhanced technology with surgeons' technical skills, Intuitive believes that its System enables surgeons to perform better surgery in a manner never before experienced. The da Vinci(TM) Surgical System seamlessly and directly translates the surgeon's natural hand, wrist and finger movements on instrument controls at the surgeon's console outside the patient's body into corresponding micro-movements of the instrument tips positioned inside the patient through small puncture incisions, or ports.

The statements contained in this release may be deemed to contain "forward-looking statements." Such statements are indicated by words or phrases such as "anticipate," "estimate," "projects," "believes," "intends," "expects" and similar words and phrases. Actual results may differ materially from those expressed or implied in any forward-looking statement as a result of certain risks and uncertainties, including, without limitation, competition and market acceptance of the Company's products, ability to obtain regulatory approvals and third-party reimbursement, ability to raise additional capital and other risks and uncertainties detailed in the Company's Securities and Exchange Commission filings. Prospective investors are cautioned not to place undue reliance on such forward-looking statements.

Intuitive®, da Vinci(TM), InSite(TM), and EndoWrist(TM) are trademarks of Intuitive Surgical, Inc.

Intuitive Surgical, Incorporated
Consolidated Statements of Operations (Unaudited)
(In Thousands, Except Per Share Data)

	Three months ended	
	June 30, 2001	June 30, 2000
Sales	12,720	5,127
Cost of sales	6,659	3,503
Gross profit	6,061	1,624
Operating costs and expenses:		
Research and development	3,336	2,822
Selling, general and administrative	7,666	3,976
Total operating costs and expenses	11,002	6,798
Loss from operations	(4,941)	(5,174)
Interest income/(expense)	697	684
Net loss	\$ (4,244)	\$ (4,490)
Weighted average shares outstanding used to compute net loss per share	35,655	19,808
Loss per share - basic and diluted	\$ (0.12)	\$ (0.23)

Intuitive Surgical, Incorporated
Consolidated Statements of Operations (Unaudited)
(In Thousands, Except Per Share Data)

	Six months ended	
	June 30, 2001	June 30, 2000
Sales	24,799	8,060
Cost of sales	13,222	6,035
Gross profit	11,577	2,025
Operating costs and expenses:		
Research and development	6,567	5,453
Selling, general and administrative	14,500	7,114
Total operating costs and expenses	21,067	12,567
Loss from operations	(9,490)	(10,542)
Interest income/(expense)	1,840	1,020
Net loss	\$ (7,650)	\$ (9,522)
Weighted average shares outstanding used to compute net loss per share	35,528	12,691
Loss per share - basic and diluted	\$ (0.22)	\$ (0.75)

Intuitive Surgical, Incorporated
Consolidated Balance Sheets (Unaudited)
(In Thousands)

	June 30, 2001	March 31, 2001
Assets		
Current assets:		

Cash, cash equivalents and short-term investments	74,471	76,916
Accounts receivable, net	9,686	10,266
Inventories, net	6,791	6,523
Prepaid expenses	1,784	1,606
Total current assets	92,732	95,311
Property and equipment, net	6,574	5,803
Other assets	3,697	3,892
Total assets	103,003	105,006
Liabilities and stockholders' equity		
Current Liabilities:		
Accounts payable	6,935	5,540
Accrued compensation and employee benefits	1,980	1,452
Warranty provision	1,593	1,543
Accrued liabilities	1,729	1,699
Deferred revenue	2,198	2,340
Current portion of notes payable	2,110	2,072
Total current liabilities	16,545	14,646
Notes payable	772	1,473
Stockholders' equity		
Common stock	36	36
Additional paid-in capital	188,202	187,407
Deferred compensation	(1,457)	(1,866)
Accumulated deficit	(101,320)	(97,077)
Accumulated other comprehensive income	225	387
Total stockholders' equity	85,686	88,887
Total liabilities and stockholders' equity	103,003	105,006

Contact:

Intuitive Surgical, Inc.
Ben Gong, 650/237-7075
Sarah Norton, 650/237-7191