



Intuitive Surgical Announces \$19.4 Million Second Quarter Revenue -- Up 52% Over Prior Year

July 30, 2002

SUNNYVALE, Calif., Jul 30, 2002 (BUSINESS WIRE) -- Intuitive Surgical, Inc. (Nasdaq:ISRG), the leader in operative surgical robotics, today reported sales of \$19.4 million in the second quarter of 2002, up 52% from \$12.7 million reported in the second quarter of 2001. The sales increase was driven by higher da Vinci(TM) Surgical System placements and continued growth of recurring revenue. Intuitive shipped 16 da Vinci(TM) Surgical Systems during the second quarter of 2002 compared with 12 in the second quarter last year. Intuitive ended the quarter with 118 cumulative da Vinci(TM) Surgical System placements. Second quarter 2002 recurring revenue, consisting of instruments, accessories, and service was \$3.8 million, up 111% from \$1.8 million for the same period last year.

Total second quarter 2002 systems sales were \$15.6 million, instruments and accessories \$2.7 million, and service revenue \$1.1 million. The following table compares second quarter and year-to-date 2002 revenue and da Vinci(TM) Surgical System placements to the prior year.

	Second Quarter			Year-to-Date		
	2002	2001	Incr.	2002	2001	Incr.
Revenue (\$ Millions)						
da Vinci(TM)						
Surgical Systems	\$15.6	\$10.9	\$4.7	\$27.3	\$21.8	\$5.5
Instruments/Accys	\$2.7	\$1.4	\$1.3	\$4.4	\$2.3	\$2.1
Service	\$1.1	\$0.4	\$0.7	\$2.1	\$0.7	\$1.4
	\$19.4	\$12.7	\$6.7	\$33.8	\$24.8	\$9.0
System Population						
Placements	16	12	4	29	24	5
Cumulative Placements	118	64	54	118	64	54

Intuitive's gross margin for the second quarter of 2002 was 52%, compared with 48% for the second quarter of 2001. Gross margin improvement resulted largely from increased sales and a higher average da Vinci(TM) Surgical System selling price.

Net loss for the second quarter of 2002 was \$3.7 million, compared to a net loss of \$4.2 million for the second quarter of 2001. Basic and diluted net loss per share was \$0.10, compared to a net loss per share of \$0.12 for the second quarter of 2001.

Commenting on the announcement, Lonnie Smith, President and CEO of Intuitive Surgical said: "We enjoyed a strong financial performance during the second quarter. We are very pleased with the continued revenue growth in all product areas. We are particularly upbeat about the improvement that we have made in gross margin, surpassing 50% for the first time."

The company will also announce these results at a conference call today at 1:30 p.m. PT. The dial-in numbers for this call are 877/909-3508 for U.S. calls and 484/630-4228 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.

Note to Editors: Intuitive(R), 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, June 30,
2002 2001

Sales	\$ 19,387	\$ 12,720		
Cost of sales	9,225	6,659		

Gross profit	10,162	6,061		
Operating costs and expenses:				
Research and development		4,645	3,336	
Selling, general and administrative		9,784	7,666	

Total operating costs and expenses		14,429	11,002	
Loss from operations		(4,267)	(4,941)	
Other income/(expense)		527	697	

Net loss	\$ (3,740)	\$ (4,244)		

Weighted average shares outstanding				
used to compute net loss per share		36,383	35,655	
Loss per share - basic and diluted		\$ (0.10)	\$ (0.12)	

INTUITIVE SURGICAL, INCORPORATED
CONSOLIDATED STATEMENTS OF OPERATIONS (UNAUDITED)
(IN THOUSANDS, EXCEPT PER SHARE DATA)

Six months ended

June 30, June 30,
2002 2001

Sales	\$ 33,796	\$ 24,799		
Cost of sales	16,732	13,222		

Gross profit	17,064	11,577		
Operating costs and expenses:				
Research and development		8,877	6,567	
Selling, general and administrative		18,569	14,500	

Total operating costs and expenses		27,446	21,067	
Loss from operations		(10,382)	(9,490)	
Other income/(expense)		1,025	1,840	

Net loss	\$ (9,357)	\$ (7,650)		

Weighted average shares outstanding				
used to compute net loss per share		36,345	35,528	
Loss per share - basic and diluted		\$ (0.26)	\$ (0.22)	

INTUITIVE SURGICAL, INCORPORATED
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

(Unaudited)

June 30, December 31,
2002 2001 (a)

Assets				
Current assets:				
Cash, cash equivalents				
and short-term investments		\$ 55,371	\$ 66,661	
Accounts receivable, net		15,213	13,248	
Inventories, net	7,230	6,182		
Prepaid expenses	1,699	3,128		

Total current assets	79,513	89,219	
Property and equipment, net	11,104	7,834	
Other assets	2,918	3,308	
	-----	-----	
Total assets	\$ 93,535	\$ 100,361	
	=====	=====	
Liabilities and stockholders' equity			
Current Liabilities:			
Accounts payable	\$ 8,033	\$ 8,300	
Accrued compensation and employee benefits	3,506	2,537	
Warranty provision	2,194	1,831	
Accrued liabilities	3,575	3,128	
Deferred revenue	3,706	3,870	
Current portion of notes payable	1,022	1,631	
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Total current liabilities	22,036	21,297	
Notes payable	971	771	
Stockholders' equity			
Common stock	36	36	
Additional paid-in capital	190,050	188,962	
Deferred compensation	(491)	(886)	
Accumulated deficit	(119,727)	(110,370)	
Accumulated other comprehensive income	660	551	
	-----	-----	
Total stockholders' equity	70,528	78,293	
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Total liabilities and stockholders' equity	\$ 93,535	\$ 100,361	
	=====	=====	

(a) - Derived from the audited financial statements included in our annual report on Form 10-K for the fiscal year ended December 31, 2001.

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