



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

July 30, 2002 at 4:32 PM EDT

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, 2002	June 30, 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, 2002	June 30, 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, 2002	December 31, 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
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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
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Total stockholders' equity	70,528	78,293
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Total liabilities and stockholders' equity	\$ 93,535	\$ 100,361
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(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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