

Intuitive Surgical, Inc.



Stock Pitch presented by Alex Page, Isaac Williams, Skye Farrant, Billy Alexander, Daniel Vanie

OAKWOOD

INTUITIVE SURGICAL Inc. COMPANY BACKGROUND

The Intuitive Surgical logo is a light blue circle with a thick brown border. The word "INTUITIVE" is written in a dark blue, sans-serif font inside the circle. The letter "i" in "INTUITIVE" has a small dot above it.

INTUITIVE

Intuitive Surgical, Inc. (ISRG), is a leader in robotic-assisted surgery within the healthcare industry.

- Intuitive Surgical was founded in 1995 and is listed on both the Nasdaq-100 and S&P 500.
- Recurring revenue model through medical instruments and maintenance services.
- Main customer base is hospitals and medical institutions.
- \$0.5m to \$2.5m per unit dependant on specification.
- Recurring revenue from upgrades and maintenance services estimated at roughly \$200,000 per year per machine.
- Roughly 10,000 machines installed across the world, with about half in the USA.

Products

1.



2.



3.



4.



1.

da Vinci

Robotic-assisted platform designed to facilitate complex surgeries using a minimally invasive approach.

2.

Ion Endoluminal System

Robotic-assisted platform designed for minimally invasive lung biopsies, particularly targeting small and hard-to-reach nodules in the peripheral lung.

3.

Hub

A digital platform that allows surgeons to enhance surgical procedures by recording, storing and live streaming. (Can be integrated with da Vinci)

4.

My intuitive

Personalised platform for surgeons, care teams and hospital administrators with live access to surgical data, performance metrics and learning resources to improve clinical practice and program efficacy

INTUITIVE'S PLANS

- Intuitive is also continually developing its Da Vinci system through both hardware and software updates
- Intuitive is also continuing to develop a new app that will allow both medical providers and patients to see more of their personalised medical records and surgeries
- Intuitive is continuing to grow both domestically in the US as well as benefitting from global expansion
- Machines in over 70 countries with large untapped potential in primarily emerging economies
- Demand for robotic-assisted surgeries will only grow as healthcare infrastructure continues to develop



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INVESTMENT THESIS

Dominate Market Share

- ISRG hold roughly 80% of global Market Share in robotic- based surgery
- Dominant market share due to large installation base and consistent innovation
- Since March 2024, 9394 da vinci systems worldwide as of today 2025

Highly Recurring Revenue Model

- Around 80% of their revenue is from recurring sources: instruments, accessories and services
- Procedure growth as of 2025 so far is 17% year to year

Important Global Expansion

- US presence is large and stable but international installations have grown 19% year on year in 2024
- Expanding into new surgical fields such as colorectal, hernia and lung biopsy

Innovation

- Created da vinci 5 system in 2024, over 10000 enhancements which allows for better surgery control and greater ergonomics
- Growing intake of ion robotic bronchoscopy platform for early lung cancer detection before it becomes untreatable



Intuitive Surgical Inc. Board of Directors



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the Board of Directors



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President and Member
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Directors



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Advisor

Below the directors, there is the Governance & Nominating Committee and the Audit Committee, both focused on ESG



Publishes annual ESG reports and has robust ESG programs, practices and policies.

MSCI rating of 'A', as well as a Sustainalytics ESG Risk Rating of 17.9

Approach to environmental management is certified with the ISO 14001:2015 version standard

Intuitive submits an annual disclosure to the Carbon Disclosure Project (CDP), as well as to the Taskforce on Climate-related Financial Disclosure (TCFD)

In 2024, Intuitive conducted a global double materiality assessment (DMA). Big step toward aligning with the European Union's Corporate Sustainability Reporting Directive (CSRD)

Intuitive discloses payments to healthcare professionals annually through the U.S. Centers for Medicare & Medicaid Services Open Payments database

Intuitive's Quality Management System (QMS) is Certified to ISO 13485:2016 and compliant with the Medical Device Single Audit Program.

Intuitive has a main set of ethics known as the Quintuple Arm:

- Better Patient Experience
- Better Outcomes
- Expand Access to Care
- Lower Total Cost of Care
- Better Care Team Experience

Intuitive has been awarded in all of the following:

- Forbes' 2025 America's Best Companies - 14th
- Glassdoor's 2024 Best-Led Companies - 15th
- Newsweek's 2024 America's Greenest Companies - 4 Stars

FINANCIALS & DCF

Revenue growth rate	N/A	14.49%	17.24%
COGS as a % of revenue	32.56%	33.61%	32.54%
SG&A as a % of revenue	42.09%	41.59%	39.34%
Depreciation as a % of revenue	5.43%	5.64%	5.33%
Interest expense as a % of LTD	N/A	N/A	N/A
Interest and other income net	29.7	192.1	324.9
Income taxes as a % of EBIT	16.33%	7.23%	12.58%
DSO	66days	66days	72days
DIO	72days	63days	65days
DPO	34days	29days	26days
PPE as a % of revenue	56.85%	49.66%	55.63%

19%	21%	23%	22%	21%	20%	19%	18%	18%	18%
31.50%	30.50%	29.50%	29.00%	28.50%	28.00%	27.50%	27.00%	26.50%	26.00%
39%	38%	37%	36%	35%	34%	33%	32%	31%	30%
5.10%	5.05%	5.00%	4.95%	4.90%	4.85%	4.80%	4.75%	4.70%	4.65%
N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
400	500	600	700	800	800	800	800	800	800
16%	16%	16%	16%	16%	16%	16%	16%	16%	16%
72days	72days	72days	72days	72days	72days	72days	72days	72days	72days
65days	65days	65days	65days	65days	65days	65days	65days	65days	65days
26days	26days	26days	26days	26days	26days	26days	26days	26days	26days
50%	49%	48%	47%	46%	45%	44%	43%	42%	41%

Share Price

\$549.13

FINANCIAL

PERFORMANCE

In Q1 2025, the company reported revenue of \$2.25 billion, a 19% increase YoY

Net income improved to \$698 million, compared to \$545 million in the same period last year. 28% increase YoY

DCF Share Price of \$549.13.
Currently 7% undervalued based on current market share price

Assumptions: WACC: 7% - Debt free BS
Terminal growth rate: 5% - Due to current market uncertainty surrounding US economic growth and tariffs

FINANCIALS CONT.

- Increased operational efficiency reflected in a 4% increase in operating income in 2024 compared to prior year.
- Debt-free balance sheet
- Healthy cash flow conversion ratio of 1.1 shows ability to carry on with strong internal growth and disciplined capital allocation.
- Growth remains the strategic focus but increasingly positioning themselves to initiate a share buyback scheme and/or payout dividends.

EPS growth	2024	2023
	27.63%	37.81%

EPS growth contraction suggests rate of expansion has begun to moderate, reflecting transition towards a more mature phase of corporate lifecycle

- P/E industry average - 43.11, ISRG P/E - 74.73
- PEG industry average - 4.19, ISRG PEG - 3.63

While ISRG trades at a premium P/E relative to the industry (which is favourable), its lower PEG ratio suggests that, when adjusting for its superior earnings growth outlook, the stock is more attractively valued as future earnings are relatively cheaper than the average company in the industry. ISRG therefore captures the market favourability of a premium and also 'cheaper' future returns.

SWOT ANALYSIS

Strengths:

- M&A acquisitions taking over distributions and establishing market control in Europe alongside developments across the world.
- Strong brand recognition and market dominance within robotics surgery with high switching costs.
- Established recurring revenue model, instruments, accessories, and service contracts.
- FDA approved, cleared by major health regulators.

Weaknesses:

- High upfront cost of capital resulting in limited accessibility for lower income regions/smaller hospitals.
- The da Vinci 5 is their main revenue earner resulting in potential product concentration risk.
- Bundling risk where the product is sold as a package.
- As an industry leader in producing medical devices, Intuitive faces ongoing legal claims related to malfunctions when using their product.

Opportunities:

- Further expansions into global markets. With acquisitions into Europe, increasing investment into new emerging first world countries present further expansion opportunities.
- New generation models. With increasing R&D, smaller and more affordable models are likely to be developed further increasing access to markets.
- New development of surgical assisting applications. Stemming away into non-core specialties.

Potential Threats

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Intuitive Surgical Inc.
~80%



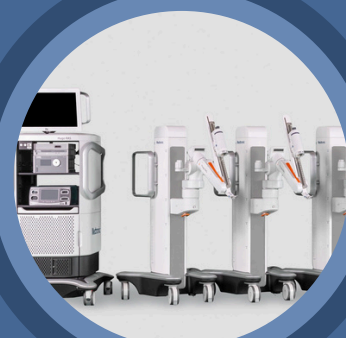
Market Share: 10%

Stryker



Market Share: 1.7%

Johnson & Johnson



Market Share: 5.8%

Medtronic

Threats:

- Key Competitors. Key companies such as Medtronic, J&J, Stryker, and CMR surgical are also trying to compete within the market.
- Healthcare regulators such as the FDA are likely to slow approvals for new devices/innovations within the market.
- With further dependency on AI/tech within the healthcare sector, increasing risks of cybercrime pose threats.

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THANK YOU
ANY
QUESTIONS

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