



Intuitive Surgical Announces Fourth Quarter Results

February 1, 2001

MOUNTAIN VIEW, Calif.--(BUSINESS WIRE)--Feb. 1, 2001--Intuitive Surgical, Inc. (Nasdaq:ISRG), the leader in precision surgical robotics, today reported sales of \$10.7 million in the fourth quarter of 2000, up 227% from \$3.3 million in sales reported in the fourth quarter of 1999. Sales increased by \$2.8 million, or 36%, compared with \$7.9 million reported in the third quarter 2000. The sale and installation of 11 da Vinci(TM) Surgical Systems drove this growth in revenue in the fourth quarter of 2000, compared with 4 da Vinci(TM) Surgical Systems in the fourth quarter of 1999 and 8 da Vinci(TM) Surgical Systems in the third quarter of 2000. Full fiscal year 2000 sales of \$26.6 million, increased \$16.4 million, or 161%, compared to fiscal year 1999 sales of \$10.2 million.

Gross margin for the fourth quarter of 2000 was 41%, excluding the impact of a \$1 million non-routine royalty charge taken during the quarter, compared with 5% for the fourth quarter of 1999 and 40% for the third quarter of 2000. This improvement resulted from higher sales and increased manufacturing efficiencies. Including the non-routine royalty charge, fourth quarter 2000 gross margin was 32%.

Net loss for the fourth quarter of 2000 was \$5.0 million, compared to a net loss of \$5.2 million for the fourth quarter of 1999 and \$4.0 million for the third quarter of 2000. Excluding the impact of the non-routine royalty charge, fourth quarter 2000 net loss would have been \$4.0 million. Basic and diluted net loss per share was \$0.14 for the fourth quarter of 2000, compared to a net loss per share of \$0.98 for the fourth quarter of 1999 and \$0.12 for the third quarter of 2000. Excluding the impact of the non-routine royalty charge, fourth quarter 2000 net loss would have been \$0.11 per share. Net Loss for the fiscal year ending December 31, 2000 was \$18.5 million compared to a net loss of \$18.4 million for fiscal year 1999. Net loss per share for the fiscal year ending December 31, 2000 was (\$0.78) compared to a net loss per share of (\$3.81) in fiscal year 1999.

The company will also announce these results at a conference call today at 1:30 p.m. PST. The toll-free dial-in numbers for this call are 800/369-1714 for U.S. calls and 312/470-0009 for international calls. The passcode is ISRG and the meeting leader is Lonnie Smith.

Commenting on the announcement, Lonnie Smith, president and CEO of Intuitive Surgical said: "We are very pleased with our fourth quarter financial results and our continued revenue growth. We have enjoyed continued system usage and procedure growth while expanding our field support organization to better serve all of our customers."

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

	Three months ended	
	Dec. 31, 2000	Dec. 31, 1999
Sales	10,706	3,277
Cost of sales	7,289	3,103
Gross profit	3,417	174
Operating costs and expenses:		
Research and development	3,110	2,988
Selling, general and administrative	6,626	2,674
Total operating costs and expenses	9,736	5,662
Loss from operations	(6,319)	(5,488)
Interest income	1,429	389

Interest expense	(92)	(113)
Net loss	\$ (4,982)	\$ (5,212)
Weighted average shares outstanding used to compute net loss per share	35,139	5,335
Loss per share -- basic and diluted	\$ (0.14)	\$ (0.98)

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

	Year ended	
	Dec. 31, 2000	Dec. 31, 1999
Sales	26,624	10,192
Cost of sales	18,031	9,273
Gross profit	8,593	919
Operating costs and expenses:		
Research and development		11,734
Selling, general and administrative	19,136	9,338
Total operating costs and expenses	30,870	20,468
Loss from operations	(22,277)	(19,549)
Interest income	4,158	1,540
Interest expense	(404)	(406)
Net loss	\$(18,523)	\$(18,415)
Weighted average shares outstanding used to compute net loss per share	23,797	4,837
Loss per share -- basic and diluted	\$ (0.78)	\$ (3.81)

INTUITIVE SURGICAL, INCORPORATED
CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS)

	Dec. 31, 2000	Dec. 31, 1999
Assets		
Current assets:		
Cash, cash equivalents and short-term investments	89,441	26,260
Accounts receivable	6,444	2,044
Inventories	6,075	2,861
Prepaid expenses	1,705	581
Total current assets	103,665	31,746
Property and equipment, net	4,669	2,709
Other assets	4,086	--
Total assets	112,420	34,455

Liabilities and stockholders' equity
Current Liabilities:

Accounts payable	7,127	2,722
Accrued compensation and employee benefits	2,609	1,325
Warranty provision	1,494	812
Accrued liabilities	3,028	1,116
Deferred revenue	3,552	2,130
Current portion of notes payable	2,019	1,618
Total current liabilities	19,829	9,723
Notes payable	1,861	2,521
Stockholders' equity		
Preferred stock	--	
	19	
Common stock	36	
	7	
Additional paid-in capital	186,713	98,508
Deferred compensation	(2,483)	(943)
Accumulated deficit	(93,670)	(75,147)
Accumulated other comprehensive income	134	(233)
Total stockholders' equity	90,730	22,211
Total liabilities and stockholders' equity	112,420	34,455

Note to Editors: Intuitive(R), da Vinci(TM), InSite(TM), and EndoWrist(TM) are trademarks of Intuitive Surgical, Inc.

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