

INTUITIVE SURGICAL, INC.
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Intuitive Surgical, Inc.
Trended Unaudited Quarterly and Annual Condensed Consolidated Statements of Operations (GAAP) and Other Metrics
(in millions, except per share data and headcount)
2017 - 2019

	<u>Q1'17</u>	<u>Q2'17</u>	<u>Q3'17</u>	<u>Q4'17</u>	<u>Q1'18</u>	<u>Q2'18</u>	<u>Q3'18</u>	<u>Q4'18</u>	<u>Q1'19</u>	<u>Q2'19</u>	<u>Q3'19</u>	<u>Q4'19</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>
Condensed Statements of Operations															
Revenue	\$ 679.6	\$ 758.8	\$ 807.8	\$ 892.0	\$ 847.5	\$ 909.3	\$ 920.9	\$ 1,046.5	\$ 973.7	\$ 1,098.9	\$ 1,128.2	\$ 1,277.7	\$ 3,138.2	\$ 3,724.2	\$ 4,478.5
Gross Profit	469.8	530.1	568.1	634.0	593.8	632.3	642.3	735.7	669.6	759.0	785.6	896.0	2,202.0	2,604.1	3,110.2
Gross Profit Margin	69.1 %	69.9 %	70.3 %	71.1 %	70.1 %	69.5 %	69.7 %	70.3 %	68.8 %	69.1 %	69.6 %	70.1 %	70.2 %	69.9 %	69.4 %
SG&A Expenses	202.9	185.6	204.1	217.9	221.6	259.8	221.4	283.8	273.4	279.2	284.0	341.8	810.5	986.6	1,178.4
Research and Development Expenses	73.5	84.6	83.4	87.1	95.5	95.1	107.6	119.9	144.0	120.8	135.9	156.6	328.6	418.1	557.3
Total Operating Expenses	276.4	270.2	287.5	305.0	317.1	354.9	329.0	403.7	417.4	400.0	419.9	498.4	1,139.1	1,404.7	1,735.7
Operating Income	193.4	259.9	280.6	329.0	276.7	277.4	313.3	332.0	252.2	359.0	365.7	397.6	1,062.9	1,199.4	1,374.5
Operating Margin	28.5 %	34.3 %	34.7 %	36.9 %	32.6 %	30.5 %	34.0 %	31.7 %	25.9 %	32.7 %	32.4 %	31.1 %	33.9 %	32.2 %	30.7 %
Interest and Other Income, net	8.7	10.1	10.8	12.3	13.2	18.2	21.9	26.8	27.5	32.8	33.3	34.1	41.9	80.1	127.7
Income Before Taxes	202.1	270.0	291.4	341.3	289.9	295.6	335.2	358.8	279.7	391.8	399.0	431.7	1,104.8	1,279.5	1,502.2
Income Tax Expense (Benefit)	21.3	47.0	(7.2)	372.8	2.6	41.0	43.4	67.5	(24.3)	75.4	0.3	69.0	433.9	154.5	120.4
Effective Tax Rate	10.5 %	17.4 %	(2.5)%	109.2 %	0.9 %	13.9 %	12.9 %	18.8 %	(8.7)%	19.2 %	0.1 %	16.0 %	39.3 %	12.1 %	8.0 %
Net Income (Loss)	180.8	223.0	298.6	(31.5)	287.3	254.6	291.8	291.3	304.0	316.4	398.7	362.7	670.9	1,125.0	1,381.8
Less: Net Income (Loss) Attributable to Noncontrolling Interest in Joint Venture	—	—	—	—	(0.3)	(0.7)	(0.7)	(1.2)	(2.5)	(1.9)	1.9	5.0	—	(2.9)	2.5
Net Income (Loss) Attributable to Intuitive Surgical, Inc.	\$ 180.8	\$ 223.0	\$ 298.6	\$ (31.5)	\$ 287.6	\$ 255.3	\$ 292.5	\$ 292.5	\$ 306.5	\$ 318.3	\$ 396.8	\$ 357.7	\$ 670.9	\$ 1,127.9	\$ 1,379.3
Net Income (Loss) Per Share Attributable to Intuitive Surgical, Inc.	\$ 1.57	\$ 1.94	\$ 2.56	\$ (0.28)	\$ 2.44	\$ 2.15	\$ 2.45	\$ 2.45	\$ 2.56	\$ 2.67	\$ 3.33	\$ 2.99	\$ 5.77	\$ 9.49	\$ 11.54
Diluted Shares Outstanding	115.5	115.2	116.8	112.2	118.0	118.5	119.2	119.2	119.6	119.3	119.3	119.7	116.3	118.8	119.5
Other Metrics															
Cash and Investments	\$ 3,146.8	\$ 3,423.3	\$ 3,802.0	\$ 3,846.5	\$ 4,068.2	\$ 4,259.6	\$ 4,570.5	\$ 4,834.4	\$ 5,064.6	\$ 5,148.2	\$ 5,430.6	\$ 5,845.2	\$ 3,846.5	\$ 4,834.4	\$ 5,845.2
Capital Expenditures and Acquisitions	\$ 53.0	\$ 55.3	\$ 51.4	\$ 31.0	\$ 40.1	\$ 82.9	\$ 69.0	\$ 83.6	\$ 118.1	\$ 82.6	\$ 127.2	\$ 180.0	\$ 190.7	\$ 275.6	\$ 507.9
Share Repurchases	\$ 2,000.0	\$ —	\$ —	\$ 274.0	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 200.0	\$ 69.5	\$ —	\$ 2,274.0	\$ —	\$ 269.5
Headcount	3,897	4,108	4,253	4,444	4,613	4,917	5,197	5,527	6,055	6,482	7,044	7,326	4,444	5,527	7,326

Intuitive Surgical, Inc.
Trended Unaudited Quarterly and Annual Non-GAAP Financial Measures (#)
(in millions, except per share data)
2017 - 2019

	<u>Q1'17</u>	<u>Q2'17</u>	<u>Q3'17</u>	<u>Q4'17</u>	<u>Q1'18</u>	<u>Q2'18</u>	<u>Q3'18</u>	<u>Q4'18</u>	<u>Q1'19</u>	<u>Q2'19</u>	<u>Q3'19</u>	<u>Q4'19</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>
Non-GAAP Gross Profit Margin	72.0 %	71.4 %	71.8 %	72.4 %	71.6 %	71.1 %	71.5 %	71.8 %	71.2 %	71.3 %	72.0 %	72.2 %	71.9 %	71.5 %	71.7 %
Non-GAAP SG&A Expenses	\$ 163.8	\$ 163.6	\$ 164.5	\$ 189.7	\$ 187.8	\$ 184.6	\$ 186.9	\$ 247.4	\$ 231.0	\$ 233.2	\$ 241.0	\$ 291.9	\$ 681.6	\$ 806.7	\$ 997.1
Non-GAAP Research and Development Expenses	\$ 59.6	\$ 63.2	\$ 66.3	\$ 70.3	\$ 72.6	\$ 73.1	\$ 80.9	\$ 92.0	\$ 100.4	\$ 95.2	\$ 108.9	\$ 125.1	\$ 259.4	\$ 318.6	\$ 429.6
Non-GAAP Operating Margin	39.1 %	41.5 %	43.2 %	43.3 %	40.9 %	42.7 %	42.4 %	39.4 %	37.1 %	41.4 %	41.0 %	39.6 %	41.9 %	41.3 %	39.9 %
Non-GAAP Income Before Taxes	\$ 274.5	\$ 325.0	\$ 359.9	\$ 398.4	\$ 359.5	\$ 406.9	\$ 412.5	\$ 439.8	\$ 390.5	\$ 487.3	\$ 495.6	\$ 539.7	\$ 1,357.8	\$ 1,618.7	\$ 1,913.1
Non-GAAP Net Income Attributable to Intuitive Surgical, Inc.	\$ 197.0	\$ 229.9	\$ 324.9	\$ 305.0	\$ 287.5	\$ 327.4	\$ 337.0	\$ 353.2	\$ 312.0	\$ 387.5	\$ 408.8	\$ 417.0	\$ 1,056.8	\$ 1,305.1	\$ 1,525.3
Non-GAAP Net Income Per Share Attributable to Intuitive Surgical, Inc.	\$ 1.71	\$ 2.00	\$ 2.78	\$ 2.60	\$ 2.44	\$ 2.76	\$ 2.83	\$ 2.96	\$ 2.61	\$ 3.25	\$ 3.43	\$ 3.48	\$ 9.09	\$ 10.99	\$ 12.76
Diluted Shares Outstanding	115.5	115.2	116.8	117.4	118.0	118.5	119.2	119.2	119.6	119.3	119.3	119.7	116.3	118.8	119.5

Intuitive Surgical, Inc.
Trended Unaudited Quarterly and Annual Procedures, Revenue, and Related Metrics
Total Company
2017 - 2019

	<u>Q1'17</u>	<u>Q2'17</u>	<u>Q3'17</u>	<u>Q4'17</u>	<u>Q1'18</u>	<u>Q2'18</u>	<u>Q3'18</u>	<u>Q4'18</u>	<u>Q1'19</u>	<u>Q2'19</u>	<u>Q3'19</u>	<u>Q4'19</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>
<u>Revenue and Related Metrics</u>															
Instruments and Accessories Revenue (millions)	\$ 380.8	\$ 397.8	\$ 401.2	\$ 457.1	\$ 460.3	\$ 476.1	\$ 486.3	\$ 539.3	\$ 552.3	\$ 578.5	\$ 606.2	\$ 671.2	\$ 1,636.9	\$ 1,962.0	\$ 2,408.2
Year over year growth	18 %	17 %	15 %	18 %	21 %	20 %	21 %	18 %	20 %	22 %	25 %	24 %	17 %	20 %	23 %
Quarter over quarter growth (decline)	(1)%	4 %	1 %	14 %	1 %	3 %	2 %	11 %	2 %	5 %	5 %	11 %			
Year over year procedure growth	18 %	16 %	15 %	17 %	15 %	18 %	20 %	19 %	18 %	17 %	20 %	19 %	16 %	18 %	18 %
Quarter over quarter procedure growth (decline)	2 %	5 %	(2)%	12 %	— %	8 %	— %	11 %	(1)%	7 %	2 %	10 %			
Service Revenue (millions)	\$ 138.0	\$ 139.9	\$ 144.6	\$ 150.4	\$ 152.7	\$ 155.8	\$ 160.0	\$ 166.6	\$ 173.9	\$ 176.6	\$ 183.4	\$ 190.3	\$ 572.9	\$ 635.1	\$ 724.2
Year over year growth	12 %	11 %	13 %	13 %	11 %	11 %	11 %	11 %	14 %	13 %	15 %	14 %	12 %	11 %	14 %
Quarter over quarter growth	4 %	1 %	3 %	4 %	2 %	2 %	3 %	4 %	4 %	2 %	4 %	4 %			
Operating Lease Revenue (millions)	\$ 5.0	\$ 6.4	\$ 6.7	\$ 7.8	\$ 9.5	\$ 11.5	\$ 14.0	\$ 16.4	\$ 20.4	\$ 25.1	\$ 27.4	\$ 34.0	\$ 25.9	\$ 51.4	\$ 106.9
Year over year growth	43 %	49 %	60 %	70 %	90 %	80 %	109 %	110 %	115 %	118 %	96 %	107 %	56 %	98 %	108 %
Quarter over quarter growth	9 %	28 %	5 %	16 %	22 %	21 %	22 %	17 %	24 %	23 %	9 %	24 %			
Total Recurring Revenue (millions) (1)	\$ 523.8	\$ 544.1	\$ 552.5	\$ 615.3	\$ 622.5	\$ 643.4	\$ 660.3	\$ 722.3	\$ 746.6	\$ 780.2	\$ 817.0	\$ 895.5	\$ 2,235.7	\$ 2,648.5	\$ 3,239.3
Year over year growth	17 %	16 %	15 %	17 %	19 %	18 %	20 %	17 %	20 %	21 %	24 %	24 %	16 %	18 %	22 %
Quarter over quarter growth	— %	4 %	2 %	11 %	1 %	3 %	3 %	9 %	3 %	5 %	5 %	10 %			
% Recurring Revenue	77 %	72 %	68 %	69 %	73 %	71 %	72 %	69 %	77 %	71 %	72 %	70 %	71 %	71 %	72 %
Systems Revenue (millions)	\$ 160.8	\$ 221.1	\$ 262.0	\$ 284.5	\$ 234.5	\$ 277.4	\$ 274.6	\$ 340.6	\$ 247.5	\$ 343.8	\$ 338.6	\$ 416.2	\$ 928.4	\$ 1,127.1	\$ 1,346.1
Year over year growth	7 %	8 %	26 %	20 %	46 %	25 %	5 %	20 %	6 %	24 %	23 %	22 %	16 %	21 %	19 %
Quarter over quarter growth (decline)	(32)%	38 %	18 %	9 %	(18)%	18 %	(1)%	24 %	(27)%	39 %	(2)%	23 %			
Total Revenue (millions) (2)	\$ 679.6	\$ 758.8	\$ 807.8	\$ 892.0	\$ 847.5	\$ 909.3	\$ 920.9	\$ 1,046.5	\$ 973.7	\$ 1,098.9	\$ 1,128.2	\$ 1,277.7	\$ 3,138.2	\$ 3,724.2	\$ 4,478.5
Year over year growth	14 %	13 %	18 %	18 %	25 %	20 %	14 %	17 %	15 %	21 %	23 %	22 %	16 %	19 %	20 %
Quarter over quarter growth (decline)	(10)%	12 %	6 %	10 %	(5)%	7 %	1 %	14 %	(7)%	13 %	3 %	13 %			

(1) We present operating lease revenue, which is classified as systems revenue, as a component of total recurring revenue.

(2) Total revenue consists of instrument and accessory revenue, service revenue, and systems revenue.

Intuitive Surgical, Inc.
Trended Unaudited Quarterly and Annual Procedures, Revenue, and Related Metrics (continued)
Total Company
2017 - 2019

	<u>Q1'17</u>	<u>Q2'17</u>	<u>Q3'17</u>	<u>Q4'17</u>	<u>Q1'18</u>	<u>Q2'18</u>	<u>Q3'18</u>	<u>Q4'18</u>	<u>Q1'19</u>	<u>Q2'19</u>	<u>Q3'19</u>	<u>Q4'19</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>
<i>Installed System Base Rollforward</i>															
Beginning da Vinci Installed System Base	3,919	4,023	4,149	4,271	4,409	4,528	4,666	4,814	4,986	5,114	5,270	5,406	3,919	4,409	4,986
Systems Shipped:															
Dual Consoles Si Systems	4	2	1	—	—	1	—	1	—	—	—	—	7	2	—
Single Console Si Systems	32	24	23	19	15	13	7	15	13	5	7	5	98	50	30
Si-e Systems	1	1	1	1	—	—	—	—	—	—	—	—	4	—	—
Dual Console X Systems	—	1	—	4	1	3	4	2	5	4	3	5	5	10	17
Single Console X Systems	—	10	16	47	28	44	60	49	53	50	44	48	73	181	195
Dual Console Xi Systems	25	38	39	39	32	42	51	64	58	63	56	64	141	189	241
Single Console Xi Systems	71	90	89	106	109	117	106	147	100	138	161	208	356	479	607
SP Systems	—	—	—	—	—	—	3	12	6	13	4	6	—	15	29
Total System Units Shipped*	133	166	169	216	185	220	231	290	235	273	275	336	684	926	1,119
Trade-Ins and Retirements	(29)	(40)	(47)	(78)	(66)	(82)	(83)	(118)	(107)	(117)	(139)	(160)	(194)	(349)	(523)
Ending da Vinci Installed System Base	4,023	4,149	4,271	4,409	4,528	4,666	4,814	4,986	5,114	5,270	5,406	5,582	4,409	4,986	5,582
*Da Vinci Systems Shipped under Operating Leases (Included in Total System Units Shipped)	21	27	20	40	43	44	58	84	78	88	92	126	108	229	384
*Percentage of da Vinci Systems Shipped under Operating Leases	16 %	16 %	12 %	19 %	23 %	20 %	25 %	29 %	33 %	32 %	33 %	38 %	16 %	25 %	34 %
Installed da Vinci System Base under Operating Leases	95	120	134	164	194	231	279	350	423	486	560	658	164	350	658
Percentage of da Vinci Installed System Base under Operating Leases	2 %	3 %	3 %	4 %	4 %	5 %	6 %	7 %	8 %	9 %	10 %	12 %	4 %	7 %	12 %
Ion Installed System Base	—	—	—	—	—	—	—	—	—	—	3	10	—	—	10

Intuitive Surgical, Inc.
Trended Unaudited Quarterly and Annual Procedures, Revenue, and Related Metrics
United States
2017 - 2019

	<u>Q1'17</u>	<u>Q2'17</u>	<u>Q3'17</u>	<u>Q4'17</u>	<u>Q1'18</u>	<u>Q2'18</u>	<u>Q3'18</u>	<u>Q4'18</u>	<u>Q1'19</u>	<u>Q2'19</u>	<u>Q3'19</u>	<u>Q4'19</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>
<u>Revenue and Related Metrics</u>															
Instruments and Accessories Revenue (millions)	\$ 287.6	\$ 309.4	\$ 312.7	\$ 353.4	\$ 337.6	\$ 360.3	\$ 368.1	\$ 419.2	\$ 407.4	\$ 428.6	\$ 450.7	\$ 503.7	\$ 1,263.1	\$ 1,485.2	\$ 1,790.4
Year over year growth	17 %	18 %	16 %	19 %	17 %	16 %	18 %	19 %	21 %	19 %	22 %	20 %	17 %	18 %	21 %
Quarter over quarter growth (decline)	(3)%	8 %	1 %	13 %	(4)%	7 %	2 %	14 %	(3)%	5 %	5 %	12 %			
Year over year procedure growth	14 %	14 %	12 %	16 %	14 %	17 %	19 %	18 %	17 %	16 %	18 %	18 %	14 %	17 %	17 %
Quarter over quarter procedure growth (decline)	(2)%	6 %	(2)%	13 %	(3)%	9 %	— %	12 %	(4)%	8 %	2 %	11 %			
Service Revenue (millions)	\$ 101.8	\$ 101.9	\$ 106.3	\$ 109.2	\$ 110.8	\$ 112.0	\$ 114.8	\$ 118.5	\$ 123.5	\$ 124.1	\$ 128.5	\$ 132.3	\$ 419.2	\$ 456.1	\$ 508.4
Year over year growth	10 %	9 %	13 %	12 %	9 %	10 %	8 %	9 %	11 %	11 %	12 %	12 %	11 %	9 %	11 %
Quarter over quarter growth	4 %	— %	4 %	3 %	1 %	1 %	3 %	3 %	4 %	— %	4 %	3 %			
Systems Revenue (millions)	\$ 105.4	\$ 141.3	\$ 175.6	\$ 181.2	\$ 124.0	\$ 172.4	\$ 193.6	\$ 202.2	\$ 160.7	\$ 232.6	\$ 217.2	\$ 220.2	\$ 603.5	\$ 692.2	\$ 830.7
Year over year growth	15 %	9 %	35 %	21 %	18 %	22 %	10 %	12 %	30 %	35 %	12 %	9 %	20 %	15 %	20 %
Quarter over quarter growth (decline)	(30)%	34 %	24 %	3 %	(32)%	39 %	12 %	4 %	(21)%	45 %	(7)%	1 %			
Total Revenue (millions)	\$ 494.8	\$ 552.6	\$ 594.6	\$ 643.8	\$ 572.4	\$ 644.7	\$ 676.5	\$ 739.9	\$ 691.6	\$ 785.3	\$ 796.4	\$ 856.2	\$ 2,285.8	\$ 2,633.5	\$ 3,129.5
Year over year growth	15 %	14 %	20 %	18 %	16 %	17 %	14 %	15 %	21 %	22 %	18 %	16 %	17 %	15 %	19 %
Quarter over quarter growth (decline)	(9)%	12 %	8 %	8 %	(11)%	13 %	5 %	9 %	(7)%	14 %	1 %	8 %			
<u>Installed System Base Rollforward</u>															
Beginning da Vinci Installed System Base	2,563	2,624	2,703	2,770	2,862	2,928	3,010	3,110	3,204	3,283	3,383	3,459	2,563	2,862	3,204
Systems Shipped:															
Single Console Si Systems	10	6	4	1	2	1	—	1	—	—	—	—	21	4	—
Si-e Systems	1	—	—	1	—	—	—	—	—	—	—	—	2	—	—
Dual Console X Systems	—	—	—	2	—	2	—	1	4	2	—	1	2	3	7
Single Console X Systems	—	4	5	22	15	15	28	15	18	26	17	18	31	73	79
Dual Console Xi Systems	19	27	33	28	21	30	45	43	47	50	45	40	107	139	182
Single Console Xi Systems	47	66	65	76	74	90	80	105	80	102	119	133	254	349	434
SP Systems	—	—	—	—	—	—	3	10	5	13	4	4	—	13	26
Total System Units Shipped*	77	103	107	130	112	138	156	175	154	193	185	196	417	581	728
Trade-Ins and Retirements	(16)	(24)	(40)	(38)	(46)	(56)	(56)	(81)	(75)	(93)	(109)	(124)	(118)	(239)	(401)
Ending da Vinci Installed System Base	2,624	2,703	2,770	2,862	2,928	3,010	3,110	3,204	3,283	3,383	3,459	3,531	2,862	3,204	3,531
*Da Vinci Systems Shipped under Operating Leases (Included in Total System Units Shipped)	15	22	16	32	42	38	49	69	67	76	71	94	85	198	308
Ion Installed System Base	—	—	—	—	—	—	—	—	—	—	3	10	—	—	10

Intuitive Surgical, Inc.
Trended Unaudited Quarterly and Annual Procedures, Revenue, and Related Metrics
Outside of the United States
2017 - 2019

	<u>Q1'17</u>	<u>Q2'17</u>	<u>Q3'17</u>	<u>Q4'17</u>	<u>Q1'18</u>	<u>Q2'18</u>	<u>Q3'18</u>	<u>Q4'18</u>	<u>Q1'19</u>	<u>Q2'19</u>	<u>Q3'19</u>	<u>Q4'19</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>
<i>Revenue and Related Metrics</i>															
Instruments and Accessories Revenue (millions)	\$ 93.2	\$ 88.4	\$ 88.5	\$ 103.7	\$ 122.7	\$ 115.8	\$ 118.2	\$ 120.1	\$ 144.9	\$ 149.9	\$ 155.5	\$ 167.5	\$ 373.8	\$ 476.8	\$ 617.8
Year over year growth	24 %	15 %	14 %	17 %	32 %	31 %	34 %	16 %	18 %	29 %	32 %	39 %	17 %	28 %	30 %
Quarter over quarter growth (decline)	5 %	(5)%	— %	17 %	18 %	(6)%	2 %	2 %	21 %	3 %	4 %	8 %			
Year over year procedure growth	28 %	22 %	23 %	21 %	18 %	22 %	23 %	24 %	21 %	20 %	23 %	21 %	23 %	22 %	21 %
Quarter over quarter procedure growth (decline)	12 %	2 %	(2)%	9 %	9 %	6 %	(1)%	10 %	6 %	4 %	1 %	8 %			
Service Revenue (millions)	\$ 36.2	\$ 38.0	\$ 38.3	\$ 41.2	\$ 41.9	\$ 43.8	\$ 45.2	\$ 48.1	\$ 50.4	\$ 52.5	\$ 54.9	\$ 58.0	\$ 153.7	\$ 179.0	\$ 215.8
Year over year growth	20 %	16 %	11 %	16 %	16 %	15 %	18 %	17 %	20 %	20 %	21 %	21 %	16 %	16 %	21 %
Quarter over quarter growth	2 %	5 %	1 %	8 %	2 %	5 %	3 %	6 %	5 %	4 %	5 %	6 %			
Systems Revenue (millions)	\$ 55.4	\$ 79.8	\$ 86.4	\$ 103.3	\$ 110.5	\$ 105.0	\$ 81.0	\$ 138.4	\$ 86.8	\$ 111.2	\$ 121.4	\$ 196.0	\$ 324.9	\$ 434.9	\$ 515.4
Year over year growth (decline)	(5)%	6 %	13 %	18 %	99 %	32 %	(6)%	34 %	(21)%	6 %	50 %	42 %	9 %	34 %	19 %
Quarter over quarter growth (decline)	(37)%	44 %	8 %	20 %	7 %	(5)%	(23)%	71 %	(37)%	28 %	9 %	61 %			
Total Revenue (millions)	\$ 184.8	\$ 206.2	\$ 213.2	\$ 248.2	\$ 275.1	\$ 264.6	\$ 244.4	\$ 306.6	\$ 282.1	\$ 313.6	\$ 331.8	\$ 421.5	\$ 852.4	\$ 1,090.7	\$ 1,349.0
Year over year growth	13 %	11 %	13 %	17 %	49 %	28 %	15 %	24 %	3 %	19 %	36 %	37 %	14 %	28 %	24 %
Quarter over quarter growth (decline)	(13)%	12 %	3 %	16 %	11 %	(4)%	(8)%	25 %	(8)%	11 %	6 %	27 %			
<i>Installed System Base Rollforward</i>															
Beginning da Vinci Installed System Base	1,356	1,399	1,446	1,501	1,547	1,600	1,656	1,704	1,782	1,831	1,887	1,947	1,356	1,547	1,782
Systems Shipped:															
Dual Consoles Si Systems	4	2	1	—	—	1	—	1	—	—	—	—	7	2	—
Single Console Si Systems	22	18	19	18	13	12	7	14	13	5	7	5	77	46	30
Si-e Systems	—	1	1	—	—	—	—	—	—	—	—	—	2	—	—
Dual Console X Systems	—	1	—	2	1	1	4	1	1	2	3	4	3	7	10
Single Console X Systems	—	6	11	25	13	29	32	34	35	24	27	30	42	108	116
Dual Console Xi Systems	6	11	6	11	11	12	6	21	11	13	11	24	34	50	59
Single Console Xi Systems	24	24	24	30	35	27	26	42	20	36	42	75	102	130	173
SP Systems	—	—	—	—	—	—	—	2	1	—	—	2	—	2	3
Total System Units Shipped*	56	63	62	86	73	82	75	115	81	80	90	140	267	345	391
Trade-Ins and Retirements	(13)	(16)	(7)	(40)	(20)	(26)	(27)	(37)	(32)	(24)	(30)	(36)	(76)	(110)	(122)
Ending da Vinci Installed System Base	1,399	1,446	1,501	1,547	1,600	1,656	1,704	1,782	1,831	1,887	1,947	2,051	1,547	1,782	2,051
*Da Vinci Systems Shipped under Operating Leases (Included in Total System Units Shipped)	6	5	4	8	1	6	9	15	11	12	21	32	23	31	76
Ion Installed System Base	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—

Intuitive Surgical, Inc.
Reconciliation of Unaudited GAAP Financial Measures to Non-GAAP Financial Measures
(in millions, except per share data)
2017 - 2019

	<u>Q1'17</u>	<u>Q2'17</u>	<u>Q3'17</u>	<u>Q4'17</u>	<u>Q1'18</u>	<u>Q2'18</u>	<u>Q3'18</u>	<u>Q4'18</u>	<u>Q1'19</u>	<u>Q2'19</u>	<u>Q3'19</u>	<u>Q4'19</u>	<u>FY17</u>	<u>FY18</u>	<u>FY19</u>
GAAP gross profit	\$ 469.8	\$ 530.1	\$ 568.1	\$ 634.0	\$ 593.8	\$ 632.3	\$ 642.3	\$ 735.7	\$ 669.6	\$ 759.0	\$ 785.6	\$ 896.0	\$ 2,202.0	\$ 2,604.1	\$ 3,110.2
Share-based compensation expense	9.9	10.1	10.6	11.1	11.9	12.8	14.3	13.5	15.1	16.0	17.8	17.1	41.7	52.5	66.0
Intangible asset charges	1.7	1.5	1.2	1.0	1.0	1.3	1.8	2.0	8.2	8.7	8.8	9.5	5.4	6.1	35.2
Litigation charges	7.8	—	—	—	—	—	—	—	—	—	—	—	7.8	—	—
Non-GAAP gross profit	\$ 489.2	\$ 541.7	\$ 579.9	\$ 646.1	\$ 606.7	\$ 646.4	\$ 658.4	\$ 751.2	\$ 692.9	\$ 783.7	\$ 812.2	\$ 922.6	\$ 2,256.9	\$ 2,662.7	\$ 3,211.4
Non-GAAP gross profit margin (1)	72.0 %	71.4 %	71.8 %	72.4 %	71.6 %	71.1 %	71.5 %	71.8 %	71.2 %	71.3 %	72.0 %	72.2 %	71.9 %	71.5 %	71.7 %
GAAP SG&A expenses	\$ 202.9	\$ 185.6	\$ 204.1	\$ 217.9	\$ 221.6	\$ 259.8	\$ 221.4	\$ 283.8	\$ 273.4	\$ 279.2	\$ 284.0	\$ 341.8	\$ 810.5	\$ 986.6	\$ 1,178.4
Share-based compensation expense	(25.6)	(26.5)	(29.9)	(29.4)	(29.3)	(32.5)	(35.6)	(35.1)	(38.2)	(40.5)	(44.6)	(45.1)	(111.4)	(132.5)	(168.4)
Intangible asset charges	—	—	—	—	—	(0.2)	(0.7)	(1.3)	(1.2)	(1.4)	(1.4)	(1.7)	—	(2.2)	(5.7)
Litigation (charges) recoveries	(13.5)	4.5	(9.7)	1.2	(4.5)	(42.5)	1.8	—	—	—	—	—	(17.5)	(45.2)	—
Acquisition-related items	—	—	—	—	—	—	—	—	(3.0)	(4.1)	3.0	(3.1)	—	—	(7.2)
Non-GAAP SG&A expenses	\$ 163.8	\$ 163.6	\$ 164.5	\$ 189.7	\$ 187.8	\$ 184.6	\$ 186.9	\$ 247.4	\$ 231.0	\$ 233.2	\$ 241.0	\$ 291.9	\$ 681.6	\$ 806.7	\$ 997.1
GAAP research and development expenses	\$ 73.5	\$ 84.6	\$ 83.4	\$ 87.1	\$ 95.5	\$ 95.1	\$ 107.6	\$ 119.9	\$ 144.0	\$ 120.8	\$ 135.9	\$ 156.6	\$ 328.6	\$ 418.1	\$ 557.3
Share-based compensation expense	(11.9)	(13.8)	(15.2)	(15.1)	(16.3)	(17.9)	(20.2)	(21.8)	(22.8)	(25.1)	(26.5)	(27.0)	(56.0)	(76.2)	(101.4)
Intangible asset charges	(2.0)	(7.6)	(1.9)	(1.7)	(6.6)	(4.1)	(6.5)	(6.1)	(20.8)	(0.5)	(0.5)	(4.5)	(13.2)	(23.3)	(26.3)
Non-GAAP research and development expenses	\$ 59.6	\$ 63.2	\$ 66.3	\$ 70.3	\$ 72.6	\$ 73.1	\$ 80.9	\$ 92.0	\$ 100.4	\$ 95.2	\$ 108.9	\$ 125.1	\$ 259.4	\$ 318.6	\$ 429.6
GAAP income from operations	\$ 193.4	\$ 259.9	\$ 280.6	\$ 329.0	\$ 276.7	\$ 277.4	\$ 313.3	\$ 332.0	\$ 252.2	\$ 359.0	\$ 365.7	\$ 397.6	\$ 1,062.9	\$ 1,199.4	\$ 1,374.5
Share-based compensation expense	47.4	50.4	55.7	55.6	57.5	63.2	70.1	70.4	76.1	81.6	88.9	89.2	209.1	261.2	335.8
Intangible asset charges	3.7	9.1	3.1	2.7	7.6	5.6	9.0	9.4	30.2	10.6	10.7	15.7	18.6	31.6	67.2
Litigation charges (recoveries)	21.3	(4.5)	9.7	(1.2)	4.5	42.5	(1.8)	—	—	—	—	—	25.3	45.2	—
Acquisition-related items	—	—	—	—	—	—	—	—	3.0	4.1	(3.0)	3.1	—	—	7.2
Non-GAAP income from operations	\$ 265.8	\$ 314.9	\$ 349.1	\$ 386.1	\$ 346.3	\$ 388.7	\$ 390.6	\$ 411.8	\$ 361.5	\$ 455.3	\$ 462.3	\$ 505.6	\$ 1,315.9	\$ 1,537.4	\$ 1,784.7
Non-GAAP operating margin (2)	39.1 %	41.5 %	43.2 %	43.3 %	40.9 %	42.7 %	42.4 %	39.4 %	37.1 %	41.4 %	41.0 %	39.6 %	41.9 %	41.3 %	39.9 %
GAAP income before taxes	\$ 202.1	\$ 270.0	\$ 291.4	\$ 341.3	\$ 289.9	\$ 295.6	\$ 335.2	\$ 358.8	\$ 279.7	\$ 391.8	\$ 399.0	\$ 431.7	\$ 1,104.8	\$ 1,279.5	\$ 1,502.2
Share-based compensation expense	47.4	50.4	55.7	55.6	57.5	63.2	70.1	70.4	76.1	81.6	88.9	89.2	209.1	261.2	335.8
Intangible asset charges	3.7	9.1	3.1	2.7	7.6	5.6	9.0	9.4	30.2	10.6	10.7	15.7	18.6	31.6	67.2
Litigation charges (recoveries)	21.3	(4.5)	9.7	(1.2)	4.5	42.5	(1.8)	—	—	—	—	—	25.3	45.2	—
Impairment charges (recoveries)	—	—	—	—	—	—	—	1.2	1.5	(0.8)	—	—	—	1.2	0.7
Acquisition-related items	—	—	—	—	—	—	—	—	3.0	4.1	(3.0)	3.1	—	—	7.2
Non-GAAP income before taxes	\$ 274.5	\$ 325.0	\$ 359.9	\$ 398.4	\$ 359.5	\$ 406.9	\$ 412.5	\$ 439.8	\$ 390.5	\$ 487.3	\$ 495.6	\$ 539.7	\$ 1,357.8	\$ 1,618.7	\$ 1,913.1
GAAP net income (loss) attributable to Intuitive Surgical, Inc.	\$ 180.8	\$ 223.0	\$ 298.6	\$ (31.5)	\$ 287.6	\$ 255.3	\$ 292.5	\$ 292.5	\$ 306.5	\$ 318.3	\$ 396.8	\$ 357.7	\$ 670.9	\$ 1,127.9	\$ 1,379.3
Share-based compensation expense	47.4	50.4	55.7	55.6	57.5	63.2	70.1	70.4	76.1	81.6	88.9	89.2	209.1	261.2	335.8
Intangible asset charges	3.7	9.1	3.1	2.7	7.6	5.6	9.0	9.4	30.2	10.6	10.7	15.7	18.6	31.6	67.2
Litigation charges (recoveries)	21.3	(4.5)	9.7	(1.2)	4.5	42.5	(1.8)	—	—	—	—	—	25.3	45.2	—
Impairment charges (recoveries)	—	—	—	—	—	—	—	1.2	1.5	(0.8)	—	—	—	1.2	0.7
Acquisition-related items	—	—	—	—	—	—	—	—	3.0	4.1	(3.0)	3.1	—	—	7.2
Tax adjustments	(56.2)	(48.1)	(42.2)	279.4	(69.7)	(39.2)	(32.8)	(20.3)	(101.5)	(22.1)	(83.2)	(44.9)	132.9	(162.0)	(251.7)
Adjustments attributable to noncontrolling interest in joint venture	—	—	—	—	—	—	—	—	(3.8)	(4.2)	(1.4)	(3.8)	—	—	(13.2)
Non-GAAP net income attributable to Intuitive Surgical, Inc.	\$ 197.0	\$ 229.9	\$ 324.9	\$ 305.0	\$ 287.5	\$ 327.4	\$ 337.0	\$ 353.2	\$ 312.0	\$ 387.5	\$ 408.8	\$ 417.0	\$ 1,056.8	\$ 1,305.1	\$ 1,525.3
Non-GAAP net income per share attributable to Intuitive Surgical, Inc. - diluted	\$ 1.71	\$ 2.00	\$ 2.78	\$ 2.60	\$ 2.44	\$ 2.76	\$ 2.83	\$ 2.96	\$ 2.61	\$ 3.25	\$ 3.43	\$ 3.48	\$ 9.09	\$ 10.99	\$ 12.76
Non-GAAP diluted shares outstanding (3)	115.5	115.2	116.8	117.4	118.0	118.5	119.2	119.2	119.6	119.3	119.3	119.7	116.3	118.8	119.5

(1) Non-GAAP gross profit margin is calculated by dividing non-GAAP gross profit by revenue.

(2) Non-GAAP operating margin is calculated by dividing non-GAAP income from operations divided by revenue.

(3) For purpose of calculating fourth quarter 2017 non-GAAP diluted net income per share, the number of shares used was 117.4 million, which included 5.2 million dilutive potential shares outstanding.

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This information is supplemental to the fourth quarter 2019 earnings press release issued by Intuitive Surgical, Inc., on January 23, 2020, and should be read in conjunction with that release and the Company's Annual Report on Form 10-K for the period ended December 31, 2019, when filed with the U.S. Securities and Exchange Commission.

(#) About Non-GAAP Financial Measures

To supplement our consolidated financial statements, which are prepared and presented in accordance with accounting principles generally accepted in the United States ("GAAP"), we use the following non-GAAP financial measures: non-GAAP gross profit, non-GAAP gross profit margin, non-GAAP SG&A expenses, non-GAAP research and development ("R&D") expenses, non-GAAP income from operations, non-GAAP operating margin, non-GAAP income before taxes, non-GAAP net income, non-GAAP net income per diluted share ("EPS"), and non-GAAP diluted shares outstanding. The presentation of this financial information is not intended to be considered in isolation or as a substitute for, or superior to, the financial information prepared and presented in accordance with GAAP.

We use these non-GAAP financial measures for financial and operational decision-making and as a means to evaluate period-to-period comparisons. We believe that these non-GAAP financial measures provide meaningful supplemental information regarding our performance and liquidity by excluding items such as intangible asset charges, share-based compensation ("SBC") expenses, and other special items. Intangible asset charges consist of non-cash charges, such as the amortization of intangible assets as well as in-process R&D charges. We believe that both management and investors benefit from referring to these non-GAAP financial measures in assessing our performance and when planning, forecasting, and analyzing future periods. These non-GAAP financial measures also facilitate management's internal comparisons to our historical performance and liquidity. We believe that these non-GAAP financial measures are useful to investors, because (1) they allow for greater transparency with respect to key metrics used by management in its financial and operational decision-making, and (2) they are used by institutional investors and the analyst community to help them analyze the performance of our business.

Non-GAAP gross profit. We define non-GAAP gross profit as gross profit excluding intangible asset charges, expenses related to SBC, and litigation charges and recoveries.

Non-GAAP SG&A expenses. We define non-GAAP SG&A expenses as SG&A expenses excluding intangible asset charges, expenses related to SBC, litigation charges and recoveries, and certain acquisition-related items for the re-measurement of contingent consideration.

Non-GAAP R&D expenses. We define non-GAAP R&D expenses as R&D expenses excluding intangible asset charges and expenses related to SBC.

Non-GAAP income from operations. We define non-GAAP income from operations as income from operations excluding intangible asset charges, expenses related to SBC, litigation charges and recoveries, and certain acquisition-related items for the re-measurement of contingent consideration.

Non-GAAP income before taxes. We define non-GAAP income before taxes as income before taxes excluding intangible asset charges, expenses related to SBC, litigation charges and recoveries, non-cash impairment charges and recoveries, and certain acquisition-related items for the re-measurement of contingent consideration.

Non-GAAP net income and EPS. We define non-GAAP net income as net income (loss) excluding intangible asset charges, expenses related to SBC, litigation charges and recoveries, non-cash impairment charges and recoveries, certain acquisition-related items for the re-measurement of contingent consideration, adjustments attributable to noncontrolling interest in joint venture, net of the related tax effects, and tax adjustments, including excess tax benefits or deficiencies associated with SBC arrangements, the one-time impact of the enactments of the Tax Cuts and Jobs Act ("2017 Tax Act") and the 2019 Swiss tax reform, and the net tax effects related to intra-entity transfers of non-inventory assets. We exclude the one-time impact of the enactments of the 2017 Tax Act and the 2019 Swiss tax reform, because they are discrete in nature as well as excess tax benefits or deficiencies associated with share-based compensation arrangements and the tax effects associated with non-cash amortization of deferred tax assets related to intra-entity non-inventory transfers, as we do not believe these items correlate with the on-going results of our core operations. The tax effects of the non-GAAP items are determined by applying a calculated non-GAAP effective tax rate, which is commonly referred to as the with-and-without method. Without excluding these tax effects, investors would only see the gross effect that these non-GAAP adjustments had on our operating results. Our calculated non-GAAP effective tax rate is generally higher than our GAAP effective tax rate. We define non-GAAP EPS as non-GAAP net income divided by non-GAAP diluted shares, which are calculated as GAAP weighted average outstanding shares plus dilutive potential shares outstanding during the period.

There are a number of limitations related to the use of non-GAAP measures versus measures calculated in accordance with GAAP. Non-GAAP gross profit, non-GAAP SG&A expenses, non-GAAP R&D expenses, non-GAAP income from operations, non-GAAP income before taxes, non-GAAP net income, and non-GAAP EPS exclude items such as intangible asset charges, SBC expense, excess tax benefits or deficiencies associated with SBC arrangements, non-cash amortization of deferred tax assets related to intra-entity transfer of non-inventory assets, and re-measurement of contingent consideration, which are primarily recurring items. SBC expense has been, and will continue to be for the foreseeable future, a significant recurring expense in our business. In addition, the components of the costs that we exclude in our calculation of non-GAAP net income and non-GAAP EPS may differ from the components that our peer companies exclude when they report their results of operations. Management addresses these limitations by providing specific information regarding the GAAP amounts excluded from non-GAAP net income and non-GAAP EPS and evaluating non-GAAP net income and non-GAAP EPS together with net income (loss) and net income (loss) per share calculated in accordance with GAAP.