

Re-Recommendation: Intuitive Surgical

David Gardner | January 23, 2013

CURRENT PRICE: [ISRG](#) \$ 555.11 \$ 0.15 (0.0%) CwG! Yí B~ÅG'ÄmÄy ïN ð

Intuitive Surgical ([NASDAQ: ISRG](#)) again? If you look at our scorecard, you'll be rubbing your hands with glee. I've recommended Intuitive five times, and all five positions are up. Until recently, all five were handily beating the market, too — but we'll get back to that in a moment.

Intuitive makes the da Vinci surgical robot, the gold standard for prostatectomy and well on its way to becoming the standard for complex hysterectomies. Now it is catching on for other surgeries, too, including single-site cholecystectomy (gall bladder removal done through a single port instead of multiple incisions).

But can a company with a \$20 billion market cap continue to grow? Intuitive in some ways reminds me of a very different company: Apple. Investors once worried that the company would flounder after sales of the iPod peaked, but they weren't counting on the iPhone to bring revenue to new levels ... and then the iPad ... and so on.

That's how it has been with Intuitive — prostatectomy has leveled off, but hysterectomy has already surpassed prostatectomy in volume, and we expect cholecystectomy to rise rapidly. It helps that while there are only about 90,000 prostatectomies performed in the U.S. each year, there are about 600,000 hysterectomies ... and more than 750,000 cholecystectomies. The company believes it can eventually reach 2 million da Vinci procedures annually, driving revenue to around \$5.7 billion — nearly triple today's level. And that estimate excludes single-site cholecystectomy.

While four of our five Intuitive positions were outperforming the S&P 500 by anywhere from 200% to 1,000% at press time, the stock recently got knocked back following a highly negative — and highly misleading — report from short-selling firm Citron Research. I'll be polite and say I don't find it very credible, and I think the nervous investors who bailed out have created an opportunity for long-term Fools like us who can wait for the storm to blow over.

See the team's and David and Tom Gardner's holdings [here](#). The Motley Fool owns shares of Apple and Intuitive Surgical.

INTUITIVE SURGICAL

- Recent Price: \$508.33
- Risk Rating: [7 out of 25](#) ([see the full list here](#))
- This is Intuitive Surgical's **sixth** recommendation. Only four other Breakers have as many as three.



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Market data provided by FactSet and Web Financial Group.