Intuitive Surgical, Inc. (Nasdaq: ISRG) — Q2 FY2026 Results, FY2026 Outlook & Valuation

Fiscal second quarter ended June 30, 2026 · reported results, the company's own FY2026 outlook, and standard market-based valuation multiples. Intuitive pioneered robotic-assisted soft-tissue surgery (da Vinci, first FDA-cleared in 2000) and also makes the Ion endoluminal (lung-biopsy) system — sold on a razor/razor-blade model where ~84% of FY2025 revenue recurred.

A factual snapshot built from Intuitive's public filings — reported results, the company's own forward outlook, and public market data. It contains no Blackspear forecast, price target, or recommendation.

REVENUE (Q2'26)	NON-GAAP EPS — DIL.	WW PROCEDURES	DA VINCI INSTALLED BASE
$2.89B	**$2.80**	**≈ +16%**	**11,710**
▲ 19% vs $2.44B in Q2'25	▲ 28% vs $2.19 in Q2'25	da Vinci ≈ +15%; Ion ≈ +36%	▲ 12% vs 10,488
recurring rev ~84% (FY2025)	GAAP EPS $2.29 (vs $1.81)	YoY volume growth	+468 placed in the quarter

REVENUE BY TYPE — Q2 FY2026

REVENUE LINE	Q2'26	% TOT.	YOY
Instruments & accessories	$1,734.9M	60%	+18%
Systems	$685.0M	24%	+19%
Services	$472.4M	16%	+21%
Total revenue	**$2,892.3M**	**100%**	**+19%**

Instruments/accessories + services (~76% of revenue) are recurring and scale with the installed base and procedure volume; systems (~24%) is the more cyclical capital line. Recurring revenue was ~84% of the total in FY2025.

OPERATING DRIVERS — Q2 FY2026

METRIC	Q2'26	Q2'25
da Vinci systems placed	468	395
— of which da Vinci 5	246	180
Ion systems placed	55	54
Ion installed base	1,096	905
Non-GAAP gross margin	**70.0%**	**67.9%**

The da Vinci 5 flagship drove ~53% of da Vinci placements (246/468); it carries higher ASPs and ~11% higher utilization than da Vinci Xi (per Intuitive). Ion (lung biopsy) procedures grew ~36%. Non-GAAP operating income was $1.22B (+29%).

FY2026 OUTLOOK — AS ISSUED WITH THE JULY 16, 2026 RELEASE

COMPANY FY2026 OUTLOOK

Procedure / margin / opex framework — no EPS guidance

DA VINCI PROCEDURE GROWTH	NON-GAAP GROSS MARGIN	NON-GAAP OPEX GROWTH	CONSENSUS (NON-GAAP EPS)
13.5–15.5%	**68.0–69.0%**	**+11–13%**	**~$10.79**
expects "closer to the midpoint"	incl. ~1.0% tariff headwind	continued R&D and commercial investment	FY26E Street est. +21% vs FY25 $8.93

Intuitive does not issue EPS guidance; the EPS figure above is analyst consensus, not company guidance. The gross-margin range assumes tariffs currently in effect remain through year-end; further tariffs (Intuitive makes instruments in Mexico, endoscopes in Germany, and imports certain materials from China) "could be material." No forward GAAP reconciliation is provided.

VALUATION SNAPSHOT — AS OF AUGUST 7, 2026 CLOSE

Share price	**~$378.81**	P / E (trailing, GAAP)	**~43x**
Market capitalization (~353.3M sh.)	**~$133.8B**	Fwd P / E (FY26E non-GAAP $10.79)	**~35x**
Cash & investments (no debt)	**~$8.63B**	Fwd P / E (FY27E non-GAAP $12.30)	**~31x**
Enterprise value (net of cash)	**~$125.2B**	EV / Sales (FY26E ~$11.8B)	**~10.6x**
Dividend / buyback	**None / ~$0.38B Q2**	Consensus 12-mo target	**~$477 (rng $324–$685)**
52-week range	**$328.57–$603.88**	Off Jan-2025 all-time high (~$610)	**≈ −38%**

Multiples move with the share price — refresh before relying on them. The stock has de-rated hard: down ~38% from its January-2025 high even as revenue grew +19% and non-GAAP EPS +28% this quarter. **Non-GAAP EPS excludes share-based comp of ~$0.59/sh in Q2 (~21% of the $2.80)** — a real recurring cost; on a pre-SBC basis FY26E EPS is ~$8.4 and the forward P/E is ~45x rather than ~35x. Consensus price targets are third-party analyst opinions, not Blackspear views. Intuitive is debt-free and returns cash via buybacks, not dividends.

WHAT'S MOST IMPACTFUL TO FUTURE EARNINGS

- **Installed-base recurring revenue.** Every system placed compounds recurring revenue (instruments per procedure + service). The da Vinci base grew 12% to 11,710 and Ion 21% to 1,096; ~84% of FY2025 revenue was recurring. Procedure growth (~16% WW) is the core earnings driver — more durable than lumpy system sales, provided Intuitive retains its share.
- **da Vinci 5 ramp.** 246 of 468 da Vinci placements were the new dV5 flagship (270,000+ procedures to date, 1,200+ installed, per Intuitive); higher ASPs lifted systems revenue and ~11% higher utilization than Xi supports future instrument pull-through. Cleared in the U.S., Korea, Japan and Europe.
- **Competition just arrived in the U.S.** In July 2026 J&J's Ottava won U.S. FDA authorization — the first directly competitive multiport soft-tissue system to reach the U.S. market, alongside Medtronic's already-cleared Hugo (and domestic Chinese systems abroad) — ending da Vinci's two-decade U.S. soft-tissue monopoly and challenging Intuitive's ~80% share. Rivals still must scale and win indications, but the competitive set has changed.
- **Valuation is the swing factor.** At ~35x forward earnings (below its own historically richer multiple, but still a large premium) the stock is priced for durable ~15–20% growth; 2026's de-rating shows how much of the return rides on the multiple. Other risks: tariffs (~1.0% gross-margin drag), hospital capital-spending cycles, and large recurring SBC that non-GAAP EPS adds back.

HOW TO READ THE NUMBERS

- — Non-GAAP EPS excludes SBC (~$0.59/sh in Q2), intangible amortization, litigation and acquisition items. GAAP diluted EPS was $2.29; both included a one-time $0.08/sh IEEPA tariff-refund benefit.
- — "Recurring revenue" = instruments & accessories plus services (~76% of Q2 revenue, ~84% for FY2025); it scales with procedures and the installed base. "Systems" (~24%) is the cyclical capital line.
- — Procedure growth and installed base are the leading indicators analysts watch — they drive future recurring revenue more than any single quarter's system count.
- — FY2026 outlook covers procedures, gross margin and opex only; Intuitive issues no EPS guidance, so the forward EPS shown is analyst consensus.

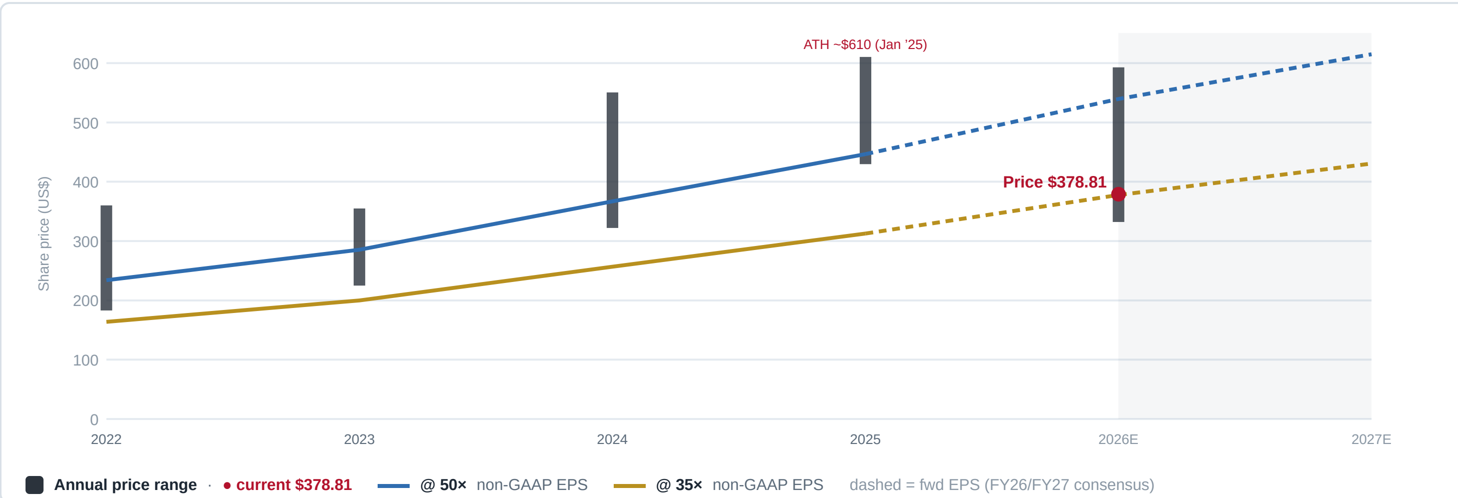
Full Excel model — linked tabs (historicals, procedure/installed-base detail, valuation, source tie-outs) — available on request. Email **info@blackspearllc.com** for a copy.

Intuitive Surgical, Inc. (Nasdaq: ISRG) — Valuation vs. Forward Growth

Price vs. earnings-justified value on ISRG's reported non-GAAP EPS, judged against forward EPS-growth consensus. Non-GAAP EPS has compounded ~24%/yr; the stock's 2026 fall is largely a multiple reset — though the competitive set has just changed.

History from ISRG disclosures and public market data; forward EPS estimates are analyst consensus; P/E, PEG and earnings-justified reference lines are Blackspear calculations. Reference lines are mechanical, not a Blackspear price target or recommendation.

PRICE VS. EARNINGS-JUSTIFIED VALUE — ISRG NON-GAAP EPS, FY2022–FY2027E



FORWARD P/E	EV / SALES	NON-GAAP EPS CAGR	FORWARD PEG
35×	**10.6×**	**+24%**	**~1.7×**
on FY26E $10.79	FY26E ~$11.8B	FY2022–25 delivered	on FY26E ~21% growth

VALUATION & GROWTH

Current price (7 Aug 2026)	**~$378.81**
Forward P/E (FY26E $10.79)	**~35×**
Forward P/E (FY27E $12.30)	**~31×**
Trailing P/E (GAAP)	**~43×**
Non-GAAP EPS: FY22 → FY26E	**$4.68 → $10.79**
Consensus EPS growth (FY26 / FY27)	**~+21% / +14%**
Forward PEG (fwd P/E ÷ FY26E growth)	**~1.7×**
Off Jan-2025 ATH (~$610) / dividend	**≈ −38% · none**

DOES FORWARD GROWTH JUSTIFY THE MULTIPLE?

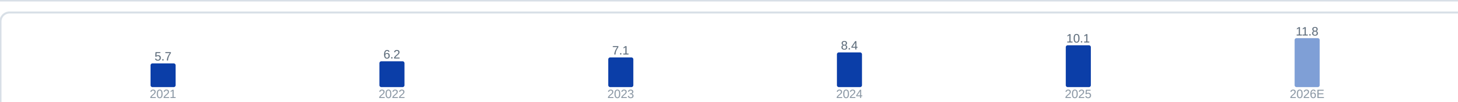
STRONG RESULTS, A RESET MULTIPLE — AND NEW COMPETITION

The de-rating is mostly multiple, not earnings

Non-GAAP EPS compounded ~24%/yr (FY22–25) and Q2 delivered +19% revenue / +28% EPS, so 2026's ~38% drawdown is largely multiple compression: ~35× forward is below Intuitive's historically richer multiple (its forward P/E generally ran in the ~40s–50s in prior years; trailing ~60–80×). **But** the premium is still large and the setup has changed — in July 2026 J&J's Ottava won U.S. FDA authorization (joining Medtronic's Hugo), challenging Intuitive's ~80% share. At ~35× forward / ~10.6× sales the stock still embeds durable high-teens growth; analyst targets span ~$324–$685 (consensus ~$477). This lays out both sides; it is not a Blackspear view.

The catch: the bull read (a reset multiple on a compounding, ~84%-recurring franchise) and the bear read (a still-premium multiple, now-cleared competitors that must scale, hospital-capex cycles, tariffs, and a large SBC add-back of ~$0.59/sh) both hold. The reference lines are illustrative, not a target.

REVENUE & RECURRING-REVENUE QUALITY — FY2021–FY2026E



Revenue ($B) compounded from ~$5.7B (FY2021) to ~$10.1B (FY2025), ~15% CAGR; FY2026E consensus ~$11.8B. Recurring revenue (instruments & accessories + services) rose from ~75% of the total (2021) to ~84% (2025) as the installed base grew to 12,000+ Intuitive systems. FY2026E is analyst consensus; 2026E bar shown lighter.

On forward estimates. Forward non-GAAP EPS of ~$10.79 (FY2026) and ~$12.30 (FY2027) are analyst consensus (Intuitive issues no EPS guidance). Non-GAAP EPS excludes share-based compensation — ~$0.59/sh in Q2 2026, ~21% of that quarter's $2.80 — a real recurring cost; on a pre-SBC basis the forward P/E is ~45× rather than ~35×. P/E, PEG, EV/Sales and the earnings-justified reference lines are mechanical Blackspear calculations — not estimates, price targets, or recommendations. Consensus estimates are inherently uncertain and subject to revision.