

# Ahead of the Bell: Intuitive Stock Starts Rebound

The Associated Press

Shares of Intuitive Surgical Inc. rebounded in premarket trading Friday, a day after the stock tumbled following a report that regulators were looking into its robotic surgical system.

The Sunnyvale, Calif., company makes da Vinci surgical systems that use robotic arms, cameras and a remote control console to help doctors perform surgery with tiny incisions. The company's business is built around sales of the \$1.5 million devices, plus disposable instruments that come with them.

Bloomberg News reported Thursday that the Food and Drug Administration was surveying surgeons about complications they may have seen with the systems and which surgeries suited it best. Bloomberg said the FDA sent the surveys to a product safety network it oversees, and the agency was trying to determine whether a rise in incident reports it received reflected problems with the system or other issues.

Intuitive did not immediately return a call and email from The Associated Press on Friday seeking comment.

Shares of Intuitive tumbled 11 percent at the end of trading Thursday and after the Bloomberg report came out. But analysts downplayed the significance of the surveys.

Its shares climbed 9.2 percent, or \$46.64, to \$556.53 about 45 minutes before the market opening on Friday.

Cantor Fitzgerald analyst Jeremy Feffer called Thursday's stock drop a "gross overreaction."

"While we certainly understand investor concern over the words 'FDA Probe,' we see limited risk of this investigation materializing into significant punitive measures against the company," Feffer wrote in a Friday morning research note.

William Blair analyst Ben Andrew said in a separate note that the surveys appear to be part of a typical, post-market surveillance of medical devices, something that doesn't reflect serious concern from the FDA.

"We firmly believe that the product is safe and effective, and that the recent concerns about increasing rates of complication are to be expected with any medical device," he wrote.

Janney Capital Markets analyst Spencer Nam said the company's stock should rebound quickly, and he recommended that investors use the price drop as a

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buying opportunity. He noted that Intuitive management did not make any public statements Thursday evening on the issue.

"If management felt that there needed to be an explanation on the issues, they would've been much more aggressive in managing the Street's expectations," he said.

All three analysts work for firms that plan to seek investment banking business from Intuitive, which is a common occurrence with analysts who cover publicly traded companies.

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