Intuitive Surgical Shares Recover from Annual Lows

The Associated Press

Shares of Intuitive Surgical Inc. bounced back Monday from annual lows as Wall Street digested concerns over the company's da Vinci robotic surgical system.

Last week an influential doctor said robotic surgeries are not as good as older hysterectomy methods. The company's da Vince procedures grew 25 percent to 450,000 last year, and gynecology procedures were an important part of that growth. Intuitive Surgical shares dropped 6 percent Friday on concerns that the expert's view could hurt the use and sales of da Vinci, but several analysts say demand for the procedures should continue to rise.

Dr. James Breeden, president of the American College of Obstetricians and Gynecologists, said last week that operating through the vagina with standard tools and a laparoscopic hysterectomy — so-called keyhole surgery, operating through a few small incisions in the abdomen — were both preferable to procedures performed with robotic devices. He said the other methods were cheaper and less invasive than the robotic technique.

The Sunnyvale, Calif., company makes money by selling the systems and disposable instruments that must be replaced after each procedure.

Raymond James' analyst Lawrence Keusch said growth in procedures performed with the da Vinci system may slow down because of concerns about the costs and questions over selecting the right patients. But he believes its sales and surgical procedures should still rise over the longer term.

"We anticipate that the vast majority of surgeons that have incorporated the technology into their practice of medicine are unlikely to give up on the benefits of robotic surgery," Keusch wrote in a Monday note. He has an "Outperform" rating on the stock with a $620 price target.

A Cantor Fitzgerald analyst, meanwhile, said Breeden's concerns aren't new, having previously been raised in other medical studies.

An analyst for Janney Capital Markets said the use of robotic systems will keep growing because younger surgeons and many patients prefer the systems.

Intuitive Surgical responded to Breeden's statement by saying the da Vinci system allows some women who otherwise would need an old-fashioned open hysterectomy — because of obesity, scarring or other complexities — to instead have a smaller operation.

Intuitive Surgical stock rose $19.54, or 4.3 percent, to $478.98 in afternoon trading. The Food and Drug Administration announced a probe into the da Vinci system in late February, and since then the shares are down 20 percent. On Friday the stock set a 12-month low of $455.18. Its 12-month high of nearly $595 was last April.

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