



## FEATURED OPTIONS RADAR REPORT



### Robotics Leader Set for Return to Positive Momentum in 2022 as Conditions Normalize

**Ticker/Price:** ISRG (\$993.50)

**Intuitive Surgical (ISRG)** name that rarely sees large options trade today with a bullish spread that sold 1000 April \$1000/\$900 put spreads and the January \$1100 calls while buying the April \$970 calls ITM for a net debit all together of \$38.55. ISRG still has some large open interest in the January 2023 calls, although mostly ITM now from late 2020, and recently has seen buyers in the January \$1200 calls for \$1.4M. Shares are under the 55-EMA today but bouncing a bit off the top of August value and room back to \$1,050 and then recent highs. ISRG also held the 23.6% Fibonacci of the rally from the March 2021 lows. The \$121B med-tech leader trades 61X earnings, 23.5X sales, and 26.65X cash with mid-teens growth. ISRG has been seeing better volumes throughout 2021 as a 'return to the OR' continues and should continue to see strong long-term placements of their platform as clinical outcomes are favorable. The company expects to see growth in bariatrics in the near-term, an area where they noted in July that surgeons see significant opportunity for robotics. ISRG was at the MSCO conference two weeks ago and talked down estimates for next quarter given the current rise in Delta variant. They did also note, however, that they expect the snapback in late 2021 and early 2022 would be sharp as consumption of hospital resources declines and surgeries recover. They also note that they remain in the early innings of growth for general surgery and long-term trends continue to point higher with thoracic, gynecology and general surgery all potential areas for expansion. Analysts have an average target for shares of \$970 with a Street High \$1,150. Wells Fargo raising estimates in July citing expectations for strong utilization trends that should support capital placements through 2022. Stifel positive on the long-term outlook in July noting that multiple factors are driving increased robotic adoption in an area that offers a large procedure opportunity. The analyst thinks U.S. bariatric procedures should conservatively contribute 30-40 basis points of his current high-teens percentage Intuitive procedure growth outlook. Hedge fund ownership fell 2% last quarter.

#### Hawk Vision:



**Hawk's Perspective:** ISRG already set the table for a miss on earnings on 10/19 but the long-term opportunity remains robust and should be a name that continues to lead in 2022 as primary hospital resources shift away from COVID. It's not really a name to play via options given the spreads but the stock is attractive into weakness and would be on watch for a nice risk/reward spot.

**Confidence Ranking:** \$\$