Sector Snap: Mako deal lifts medical device makers

The Associated Press

Shares of medical device makers rose Wednesday after Stryker Corp. agreed to buy robotic surgery system maker Mako Surgical for $1.41 billion.

Stryker will pay $30 per share for Mako, an 86 percent premium based on the stock's latest closing price. Mako's products include the Rio surgical system, which is used to help plan and execute hip and knee procedures, and the Makoplasty robotic surgical arm. The company reported $53 million in revenue over the first half of 2013.

Mako shares climbed $13.32, or 82.4 percent, to $29.49 in afternoon trading.

Janney Capital Markets analyst Spencer Nam said Stryker is paying a high price, and that suggests Stryker believes Mako will eventually sell more of its devices to general orthopedic surgeons and not just to specialists. He said the deal could change the way investors look at robotic surgery device companies, as Wall Street hasn't been enthusiastic about most of them other than Intuitive Surgical.

"This surprising announcement will have a positive impact on how the Street will view merger and acquisition opportunities among the remaining robotic surgical instrument companies, as Stryker's strategic direction as well as its willingness to pay will likely re-energize investors' sentiments on robotic surgical instrument companies that had been generally considered to face headwinds in increasingly low-cost-focused future of health care," Nam wrote.

Shares of Intuitive Surgical Inc. rose $2.15 to $366.04 in afternoon trading. The company makes a robotic surgical system called da Vinci. The da Vinci system uses robotic arms, cameras and a remote control console to help doctors perform surgery with tiny incisions. It is used in gynecological procedures, heart surgeries, prostatectomies, urology procedures, and other operations.

Shares of Accuray Inc. added 12 cents, or 1.7 percent, to $7.11. Accuray sells radiation therapy systems under the names CyberKnife and TomoTherapy.

Hansen Medical Inc. picked up 23 cents, or 14.3 percent, to $1.84. Hansen makes products that use robotics to manipulate and control catheters.

Shares of Stereotaxis Inc. advanced 27 cents, or 8.5 percent, to $3.44. The company makes devices to help doctors treat coronary artery disease and arrhythmia.

Mazor Robotics Ltd. gained $1.01, or 6.3 percent, to $17.05. Mazor makes a

guidance system used in spinal operations.

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