

# STOCK TRADERS PRESS

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Long-Term Report January 22, 2003

## STRONG BUY

**Medical Action Industries (NASD) MDCI \$17.97**

### Company Data

52-week range	\$9.27-\$19.78
Market Cap	\$176.5M
Shares Outstanding	9.96M
Book Value	\$4.70
Price/Book	\$4.94
Average Daily Vol.	68.6K
Target Price	\$24.00
Target Percentage	33%



**Medical Action Industries** develops, manufactures and distributes disposable surgical products. Additionally, the company provides a range of products for the collection and deposition of hazardous biomedical waste. We continue to recommend Medical Action Industries as a fast growing medical products company. While the stock has risen over 40% since our August 2003 recommendation, we continue to feel the company is undervalued.

### **We continue to recommend Medical Action Industries for the following reasons:**

- Medical Action Industries is a supplier of surgical products, which will benefit from the aging of the “baby boomers” who are the greatest users of surgical procedures. The recent concerns over drug costs will not affect this company. The company’s customers include major companies such as Cardinal Health and Hospital Corp. of America.
- **Medical Action Industries** is the leading company in disposable medical products; an industry that is fragmented and consolidating. The company has been and continues to be an aggressive acquirer of small to medium sized medical product companies. As the industry continues to consolidate, the profit margins (which are good) will improve significantly.
- Recent acquisition has been in the medical waste business, which diversified the company’s business revenues
- **Medical Action Industries** is a very well managed company, which has achieved superior results. We estimate that 20% plus annual growth is easily achievable over the next several years..
- **The company has had record revenues over each of the last eight years and record net income over each of the last six years.**

**We believe Medical Action Industries at \$17.97 per share is attractively priced and we maintain our target price of \$24 per share.**