

STOCK TRADERS PRESS

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Short-Term Report June 17, 2003

STRONG BUY

Medical Action Industries (NASD) MDCI \$17.06

Company Data

| | |
|--------------------|----------------|
| 52-week range | \$9.27-\$16.86 |
| Market Cap | \$159.2M |
| Shares Outstanding | 9.64M |
| Book Value | \$4.17 |
| Price/Book | 3.96 |
| Average Daily Vol. | 120.0K |
| Target Price | \$24.00 |
| Target Percentage | 41% |
| Stop Price | \$15.00 |



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 are attracted to the Medical Action industries for the following reasons:

- **Medical Action Industries** is a very well managed company, which has achieved superior results. 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 estimate that 20% plus annual growth is easily achievable over the next several years.**
- **Medical Action Industries** distributes its products directly to the major group purchasing organization for hospitals such as **Novation and Premier Inc.** These organizations are quite large and, in the aggregate, purchase over **\$45 billion in medically related products and services.**
- In addition to directly selling to group organizations, **Medical Action Industries** also distributes its products through major distributors such as **Cardinal Health and McKesson Corp.**
- **Medical Action Industries** is the leading company in disposable medical products; an industry that is fragmented and consolidating. As the industry continues to consolidate, the profit margins (which are good) will improve.
- The company reported March 31st, 2003 fiscal year results of \$.86 per share up from \$.68 per share in 2002, a 31% increase. For the fiscal year ending March 31st, 2004 we estimate earnings of \$1.05 per share. **Currently, the stock is at \$17.00 or less than 17 times earnings.**

We believe the stock of Medical Action Industries is at an attractive price and have initially established a target price of \$24 per share.