

STOCK TRADERS PRESS

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Short-Term Report August 5, 2003

STRONG BUY

Medical Action Industries (NASD) MDCI \$12.97

Company Data

52-week range	\$9.27-\$18.00
Market Cap	\$133.3M
Shares Outstanding	9.95M
Book Value	\$4.17
Price/Book	\$4.43
Average Daily Vol.	99.5K
Target Price	\$24.00
Target Percentage	85%
Stop Price	\$10.00



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 continue to recommend Medical Action Industries as a fast growing medical products company.

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

- Medical Action Industries recently reported its first fiscal quarter ending June 30, 2003 which were very good. For the quarter, the company earned \$.22 per share which was 20% higher than the comparable period in 2002.
- The continued strong financials and growth rate of the company is testimony to the management's success in integrating recent acquisitions. Also contributing to the company's growth is the strong rise in sales of its minor surgical kits, trays and patient aids.
- **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.**
- 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. 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.
- For the fiscal year ending March 31st, 2004 we estimate earnings of \$1.05 per share. **Currently, the stock is at \$13.00 or less than 13 times earnings.**

We believe Medical Action Industries is at an attractive price and maintain a target price of \$24 per share.