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Featured Stock: MDS

Medical Disposables & Supplies Limited (MDS):
Opening price - \$5.00 Price to book - 2.10 times;
P/E - 13.53 times

This week's stock pick is Medical Disposables & Supplies Limited (MDS). The Company is a distributor of pharmaceutical products and disposable medical supplies, founded in 1998. MDS distributes medical and hospital supplies and disposable items such as surgical mask, gloves, tubes, gauze, adhesive and other bandages.

For the nine months ending December 2017 revenue amounted to \$1.49 billion, an increase of 18% when compared with the \$1.26 billion booked last year. MDS stated that this performance was due to "increased sales in all divisions of the business operations." For Cost of sales increased by 21% to \$1.16 billion (2016: \$954.96 million). Consequently, gross profit increased 9% to \$329.69 million (2016: \$303.41 million). Total operating cost closed the period at \$247.64 million, up 17% (2016: \$211.10 million), due to a 29% increase in selling and promotional costs to \$98.48 million (2016: \$76.37 million). Administrative expenses increased by 13% to \$130.13 million from \$115.08 million last year. Finance Cost decreased by \$171,000 to total \$26.44 million (2016: \$26.61 million). As a result, MDS reported profit before tax of \$63.52 million, a 5% decrease relative to the \$66.86 million reported in 2016. Consequently, net profit for the period amounted to \$63.46 million relative to \$66.80 million in 2016, a 5% decline year over year, after a tax charge of \$60,000 for the 2017 period.

The Company has on-going discussions with suppliers to expand its product line offerings as the reiterated its commitment to maintaining high standards in efficient product movement and market penetration, whilst strengthening relationships with stakeholders.

MDS (as at Friday March 27, 2018) was trading at 2.10 times its book value with a P/E of 13.53 times.

Our weekly pick features a stock currently held in the Mayberry Managed Equity Portfolio (MMEP). For more information on the MMEP, please contact your investment advisor today.