



## Analyst: Arcadia sales poised to take off

J.K. Wall August 4, 2010

Arcadia Resources' DailyMed business will grow revenue 10-fold in the next three years and push the Indianapolis-based company into profitability, according to a research report by the first analyst to officially cover the company.

Jeffrey Cohen, a senior research analyst at C.K. Cooper & Co., an investment banking firm near Los Angeles, issued the report last week.

"We believe that the growth, uniqueness and savings associated with the DailyMed offering warrants further review from the investment community," Cohen wrote. He does not own Arcadia shares, but C.K. Cooper may seek to do investment banking work for Arcadia in the future.

Most investors do not share Cohen's optimism. Arcadia's shares closed Tuesday at 52 cents apiece, and they are off their 52-week high by 58 percent.

The DailyMed service packages dosages of prescription medicines into individual packets labeled with the time of day they are to be taken. That system, combined with regular calls and coaching from nurses, are designed to make it easier for patients on numerous medications to stick to their drug regimens.

DailyMed had 3,800 participants as of March. But Cohen expects that number to rocket to more than 48,000 by March 2013.

The reason? Arcadia's contracts with Indianapolis-based WellPoint Inc., Minnesota-based UnitedHealth Group, and Illinois-based Health Alliance will rapidly introduce the DailyMed service to new customers.

Those insurance companies are eager to use DailyMed to help chronically ill patients—particularly seniors—to take their medicines consistently—thereby avoiding expensive hospitalizations.

The growth in DailyMed members would push Arcadia's pharmacy revenue up accordingly. It made \$15.2 million in that business in the fiscal year ended in March. Cohen expects pharmacy revenue to approach \$156 million for the year ending March 2013.

Revenue from Arcadia's other businesses—home health care staffing and medical equipment sales by catalog—will either grow modestly or remain flat, Cohen predicts.

But he expects the pharmacy growth will be enough to erase Arcadia's perennial losses, which totaled

\$31 million last year. He expects the red ink to slacken each year and then turn black in 2013, with Arcadia posting a profit of \$9.3 million that year on total revenue of \$254 million.

“DailyMed represents the crown jewel in Arcadia’s coffers,” Cohen wrote.

In May, Arcadia announced a **\$3.9 million expansion** of its Indianapolis headquarters and pharmacy operations that are expected to add 930 jobs here by 2013. The company leases office space in the Precedent Office Park near North Keystone Avenue and East 96th Street.

Arcadia now has about 500 employees in Indiana and 4,000 nationwide who provide home health care services.