

# UTAH MEDICAL PRODUCTS, INC.



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## PRESS RELEASE

### UM Reports Audited Results for 1998

January 21, 1999

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Salt Lake City, Utah - Utah Medical Products, Inc. (NYSE: UM) announces audited financial results for the fourth quarter (4Q) and calendar year of 1998. For the 4Q, consolidated sales, gross profits, operating income and earnings per share (eps) were up 6%, 8%, 13% and 6%, respectively, relative to 4Q 1997. For the year, UM achieved double-digit growth in all income categories, with a 19% increase operating income leading all other categories. Sales and eps in 1998 were up 14% and 15%, respectively, compared with the prior year.

UM's core obstetrical supplies business, representing 53% of total sales, increased 24% relative to 1997. Sales of Intran® Plus, UM's industry-leading intrauterine pressure monitoring catheter, rebounded, up 18% from 1997, as former customers who had tried less expensive competing products in 1997 acknowledged the benefits of the most reliable catheter used in difficult child births, and came back to Intran. The remaining portion of the obstetrical product sales increase came from sales of vacuum-assisted delivery systems (VADS) which were acquired in the July 1997 purchase of Columbia Medical, Inc. 1998 VADS sales increased by 81% compared to 1997.

Thanks to the third quarter 1998 acquisition of the neonatal product line of Gesco International, neonatal product sales, which represented 7% of total sales in 1998, increased by 168% compared to 1997. UM will depend heavily on continued rapid sales growth in this category for improved performance in 1999. Gynecology/ urology/ electrosurgery product sales, which represented about 15% of total sales in 1998, grew steadily at 8% relative to the prior year.

Only sales of disposable pressure transducers and other accessories for invasive blood pressure monitoring, representing 25% of total 1998 sales, declined in 1998. The decline relative to 1997 in this category, previously dominated by UM's OEM sales to Baxter International, was 12%. The majority of UM's blood pressure monitoring sales now are overseas, produced in and distributed from UM's Ireland facility.

UM achieved continued excellent profitability due to making more productive use of its operating overhead resources. In addition, cash flow was helped by reducing inventories by 30%. With its outstanding cash flow, UM reduced its debt \$2.5 million in 1998 despite also using \$4.2 million in cash to acquire the Gesco neonatal products, and another \$1.7 million in cash to repurchase 267,300 shares of its stock in the open market.

According to CEO Kevin Cornwell, "Overall, 1998 was a good year for UM. The Company continued to operate its business at very high levels of productivity. We look forward to continued double-digit growth in 1999 even though the U.S. market for hospital medical supplies is increasingly difficult for small companies. As many hospital administrators do not have the wherewithal to measure and understand total effective medical outcomes, it appears to me that very important and useful products from smaller companies, which cannot achieve group purchasing contracts for a broad range of products, are sometimes being locked out of the marketplace. UM will continue to compete

on the basis of providing differentiated products, which are nevertheless well-accepted in certain clinical specialty niches. In 1999, UM intends to continue to develop its product armamentarium, both through internal R&D efforts, and through additional acquisitions."

Utah Medical Products, Inc., with particular interest in healthcare for women and their babies, develops, manufactures, assembles and markets a broad range of disposable and reusable specialty medical devices designed for better health outcomes for patients and their care-providers.

Fourth Quarter ended December 31:

	<u>Percent Change</u>	<u>4Q 1998</u>	<u>4Q 1997</u>
Net Sales	+ 5.6%	\$7,336,259	\$6,978,859
Gross Profit	+ 8.4%	3,845,917	3,548,921
Operating Income	+12.9%	1,909,899	1,691,954
Income Before Tax	+0.5%	1,973,422	1,962,732
Net Income	+3.9%	1,281,936	1,233,483
Earnings Per Share	+6.1%	.157	.148
Shares Outstanding (diluted)		8,166,405	8,337,388

Year ended December 31:

	<u>Percent Change</u>	<u>1998</u>	<u>1997</u>
Net Sales	+ 14.0%	\$27,677,189	\$24,271,640
Gross Profit	+12.4%	14,174,177	12,606,435
Operating Income	+19.1%	6,622,681	5,559,025
Income Before Tax	+11.0%	7,522,672	6,774,893
Net Income	+12.4%	4,857,970	4,321,704
Earnings Per Share	+15.4%	.587	.509
Shares Outstanding (diluted)		8,272,809	8,495,415