

# UTAH MEDICAL PRODUCTS, INC.



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## PRESS RELEASE

### UTMD Reports Audited Financial Results for 2000

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Salt Lake City, Utah - Utah Medical Products, Inc. (NASDAQ: UTMD) announces audited results for the fourth quarter (4Q) and calendar year 2000 that demonstrate continued excellent profitability and growth in earnings per share (eps). 4Q eps were up 21%, UTMD's twelfth consecutive quarter of higher eps compared with the same quarter in the prior year, during which three-year time span sales, gross profits, net profits and eps have grown at annually compounded rates of 4%, 6%, 8% and 21%, respectively.

For the year 2000, although sales, gross profits and net profits declined 8%, 4% and 2%, respectively, operating income was up 1%, and eps up 18%, compared to 1999. Gross profit margins at 55.6% of sales were a company record.

In a competitive market, UTMD's core obstetrical supplies business, representing 46% of total sales, declined 10% relative to 1999. Sales of neonatal products decreased 1% compared to 1999, representing 14% of total 2000 sales. UTMD's specialty gynecology/urology product sales, representing 17% of total 2000 sales, were up 2% for the year. The remaining 23% of sales, primarily blood pressure monitoring DPT's and accessories which are not directly related to Ob/Gyn and neonatal applications, were down 12% for the year. Domestic sales, excluding Baxter OEM sales, were down 8% compared to 1999. International sales were down 2%, as a result of the strong U.S. Dollar, representing 20% of total sales for the year.

Record gross profit margins were achieved primarily as the result of reducing direct material costs, but also from continuing to improve production efficiencies within existing facilities. Total operating expenses declined from 25.5% of sales in 1999 to 24.9% of sales in 2000 despite lower sales. The decline was due primarily to lower variable selling commissions and other S&M expenses. UTMD used the purchase method of accounting with respect to its 1997 and 1998 acquisitions, which means UTMD is amortizing the price paid for those acquisitions in excess of book value as an expense, reducing reported profits. If UTMD had used the pooling of interest method of accounting which larger medical device company acquirers often use, UTMD's reported 2000 eps would be 8¢ higher, or 98¢ per share. Total amortization of goodwill included in 2000 G&A expenses was \$569,000, of which \$335,000 is not a deductible expense for income tax purposes.

UTMD's EBITDA (earnings before tax and interest expense, plus depreciation and amortization) was \$11,110,000 or 41% of sales in 2000. UTMD believes that this financial measurement may be a better standard of comparison among companies for investors until the SEC initiative to eliminate "pooling" accounting goes into effect.

Because of UTMD's excellent cash flow as demonstrated by EBITDA, the Company was able to repurchase another 1.5 million shares of its stock in 2000, about 23% of shares outstanding, for \$11.6 million including transaction costs, with year-end debt balances increasing only \$4.1 million. According to CEO Kevin Cornwell, "UTMD remains very profitable and operationally fit. UTMD's

powerful cash flow gives it the financial ability to operate its business with a long term perspective. Although 2000 was a difficult year for UTMD in terms of sustaining top line sales growth, we are confident that in 2001 we can improve our access to clinical decision-makers who understand the importance and value of using our products; we will benefit from recent introductions of new products developed internally; and we may be more successful in finding and completing an accretive acquisition as a result of lower valuations in the marketplace. The Board of Directors was pleased to have another opportunity in 2000 to repurchase shares at such a low value, and remains committed to increasing shareholder value with an ongoing share repurchase program. Last month, we projected \$1.10 eps in 2001, which at 22% growth retains UTMD's pattern of 20% annual eps growth, established for the last three years. The target remains achievable without additional share repurchases if UTMD increases its sales activity by 7%. Renewed top line growth should have a very favorable effect on UTMD's stock value."

Investors are cautioned that this press release contains forward looking statements and that actual events may differ from those projected. Risks factors that could cause results to differ materially from those projected include market acceptance of products, timing of regulatory approval of new products, UTMD's ability to efficiently manufacture, market, and sell its products, among other factors that have been outlined in UTMD's public disclosure filings with the SEC. The 2000 10-K will be filed with the SEC by March 31, and the 2000 Annual Report will be mailed to shareholders about April 1.

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  
(in thousands except earnings per share):

	<u>Percent Change</u>	<u>4Q 2000</u>	<u>4Q 1999</u>
Net Sales	(11.3)%	\$6,690	\$7,539
Gross Profit	( 9.3)%	3,752	4,135
Operating Income	( 2.8)%	2,207	2,270
Income Before Tax	( 4.6)%	2,136	2,239
Net Income	( 5.5)%	1,354	1,433
Earnings Per Share	+21.0%	.269	.222
Shares Outstanding (diluted)		5,041	6,455

Year ended December 31  
(in thousands except earnings per share):

	<u>Percent Change</u>	<u>2000</u>	<u>1999</u>
Net Sales	( 7.6)%	\$27,193	\$29,444
Gross Profit	( 4.3)%	15,125	15,796
Operating Income	+ 1.0%	8,366	8,282
Income Before Tax	( 1.5)%	8,419	8,545
Net Income	( 1.7)%	5,373	5,468
Earnings Per Share	+18.3%	.899	.760
Shares Outstanding (diluted)		5,978	7,197