

UTAH MEDICAL PRODUCTS, INC.



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PRESS RELEASE

UM Reports Audited Results for 1999

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Salt Lake City, Utah - Utah Medical Products, Inc. (NYSE: UM) announces audited results for the fourth quarter (4Q) and calendar year of 1999 that demonstrate continued excellent financial performance. For the 4Q, consolidated sales, gross profits, operating income and earnings per share (eps) were up 2%, 8%, 19% and 41%, respectively, relative to 4Q 1998. 4Q 1999 was UM's eighth consecutive quarter of higher eps compared with the same quarter in the prior year, during which time span sales and profits have grown at an annually compounded rates of 10% and 22%, respectively.

For the year of 1999, UM achieved a 25% increase in operating income and a 29% increase in eps, compared to 1998 results. Gross profit margins at 53.6% of sales were a company record. In a very competitive market, UM's core obstetrical supplies business, representing 47% of total sales, declined 5% relative to 1998. Aided by the August 1998 acquisition of the Gesco neonatal product line, sales of neonatal products increased 100% compared to 1998, representing 13% of total 1999 sales. UM's specialty gynecology/urology product sales, representing 15% of total 1999 sales, were up 7% for the year. The remaining 25% of sales, primarily blood pressure monitoring DPT's and accessories which are not directly related to Ob/Gyn and neonatal applications, were up 4% for the year. Domestically, excluding UM's remaining Baxter OEM sales, sales were up 5% compared to 1998. International sales were up 17%, aided by UM's continued excellent Ireland operations, representing 19% of total sales for the year.

Record gross profit margins were achieved primarily as the result of reducing direct material consumption, but also from continuing to expand production within existing facilities. Total operating expenses declined despite an increase in amortization of goodwill of \$136,000 included in the G&A portion of operating expenses in 1999. UM used the purchase method of accounting with respect to its 1997 and 1998 acquisitions, which means UM amortizes the price paid for the acquisitions that is in excess of book value as an expense, reducing reported profits. If UM had used the pooling of interest method of accounting which larger medical device company acquirers often use, UM's reported 1999 eps would be another 7¢ higher, or 83¢ per share. Total amortization of goodwill included in 1999 G&A expenses was \$569,000, of which \$335,000 is not a deductible expense for income tax purposes.

UM's EBITDA (earnings before tax and interest expense, plus depreciation and amortization) was \$11,058,000 or 38% of sales in 1999. UM 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 at the end of 2000.

Because of UM's excellent cash flow as demonstrated by EBITDA, the Company was able to repurchase over 1.6 million shares of its stock in 1999, about 20% of shares outstanding, for \$12.1 million including transaction costs, while increasing its year-end debt by only \$2.8 million. According to CEO Kevin Cornwell, "At the rate UM is performing, we will eliminate existing debt in 2000. This

year, if the Company's stock price remains at current levels and we don't finance another acquisition, UM will have both the financial ability and desire to give shareholders another major boost in value by making another tender offer for a significant portion of the Company's outstanding stock."

Investors are cautioned that this press release contains forward looking statements and that actual events, including a 2000 tender offer, 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, UM's ability to efficiently manufacture, market, and sell its products, among other factors that have been outlined in UM's public disclosure filings with the SEC. The 1999 10-K will be filed with the SEC by March 30, and the 1999 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 1999</u>	<u>4Q 1998</u>
Net Sales	+ 2.3%	\$7,539	\$7,366
Gross Profit	+ 7.5%	4,135	3,846
Operating Income	+18.8%	2,270	1,910
Income Before Tax	+13.5%	2,239	1,973
Net Income	+11.8%	1,433	1,282
Earnings Per Share	+41.5%	.222	.157
Shares Outstanding (diluted)		6,455	8,166

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

	<u>Percent Change</u>	<u>1999</u>	<u>1998</u>
Net Sales	+ 6.4%	\$29,444	\$27,677
Gross Profit	+11.4%	15,796	14,174
Operating Income	+25.1%	8,282	6,623
Income Before Tax	+13.6%	8,545	7,523
Net Income	+12.6%	5,468	4,858
Earnings Per Share	+29.4%	.760	.587
Shares Outstanding (diluted)		7,197	8,273