

# UTAH MEDICAL PRODUCTS, INC.



CORPORATE HEADQUARTERS  
7043 South 300 West  
Midvale, Utah 84047  
Telephone: 801-566-1200  
FAX: 801-566-2062  
NASDAQ Symbol: UTMD  
www.utahmed.com

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## PRESS RELEASE

### UTMD Reports Financial Results for Second Quarter 2000

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Contact: Paul Richins  
(801) 566-1200

Salt Lake City, Utah - Utah Medical Products, Inc. (Nasdaq:UTMD) reports that Second Quarter (2Q) 2000 earnings per share (eps) increased 23% to 22¢, compared to 2Q 1999 eps of 18¢. Eps for the first six months (1H) of 2000 were 41¢ compared to 1H 1999 eps of 33¢, a 24% increase in year-to-date eps. Eps for the most recent four calendar quarters (LTM) were 85¢. UTMD concluded its tenth consecutive quarter of higher eps when compared to the same quarter in the prior year, during which time eps have grown at a compounded rate of 22% per year.

UTMD achieved a company record in gross profit margins at 55.7% and 55.4% for 2Q and 1H 2000, respectively. Gross margins for the same periods in 1999 were 52.9% and 52.7% respectively. The gross profit margin improvements resulted from better manufacturing efficiencies. The record gross margins together with tightly managed operating expenses yielded operating income which increased 6% in 2Q 2000 compared with 2Q 1999, and increased 7% for 1H 2000 compared with 1H 1999, despite a 5% decline in sales relative to the same periods in the prior year.

Cash flow before interest and income tax expenses (EBITDA) was \$2,814,000 and \$5,398,000 in 2Q and 1H 2000, compared to \$2,670,000 and \$5,108,000 in 2Q and 1H 1999, respectively. LTM EBITDA were \$11,333,000, or \$1.80/ share based on outstanding shares at the end of 2Q 2000. LTM EBITDA were 39% of sales, an exceptional operating performance.

CEO Kevin Cornwell states, "Although UTMD did not complete a new acquisition in 1H 2000, its excellent operating performance in cash flow terms provides a continuing ability to acquire product lines or companies that strategically fit UTMD's business without diluting shareholders' interest. UTMD is actively pursuing acquisition opportunities that will spur top line growth and be accretive to performance. Even though I am confident that UTMD will increase sales activity during the remainder of 2000, it is gratifying to be able to achieve planned profits on lower than planned sales."

In 2Q 2000, UTMD introduced several augmentations of its neonatal products including a needleless Hemo-Nate®, a triple lumen polyurethane Umbili-Cath®, a Pala-Nate® Sampler Kit as well as micro and ultra-micro forceps provided with its catheterization trays. These new products along with other products to be introduced in 2H 2000 should also help increase sales activity. In 2Q 2000, UTMD received FDA premarketing approval for the Fowler EndoCurette which it now plans to introduce in 3Q 2000. To date in 2000, two new UTMD patents have issued, the AromCot™ digital amniotome and Liberty® Plus female urinary incontinence device.

In 2Q 2000 UTMD repurchased 131,000 shares of its common stock on the open market, giving 142,300 total shares repurchased year to date. Share repurchases significantly contributed to eps growth. Mr. Cornwell states, "I would also like to remind shareholders and prospective shareholders that UTMD does not use 'pooling of interest' accounting frequently used by larger companies in their

acquisitions, which allows avoiding amortizing the cost of acquisition goodwill in reported eps. Adding back the after-tax earnings impact of amortization of goodwill associated with UTMD's past acquisitions yields LTM eps of 91¢. UTMD's 2Q ending share price of \$6.81 is only 7½ times this adjusted LTM eps, although eps have grown at a rate in excess of 20% per year for the last ten quarters." In addition to providing funding for acquisitions, UTMD intends to use its cash flow in 2000 to continue to repurchase its outstanding shares.

Investors are cautioned that this press release contains forward looking statements and that actual results may differ from those projected. Risks factors that could cause results to differ materially from those projected include market acceptance of new and/or competitive 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 10-Q for the second quarter will be filed with the SEC by August 15, and will be available for direct access on the Internet for shareholders by linking through UTMD's website [www.utahmed.com](http://www.utahmed.com).

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.

Second Quarter ended June 30  
(in thousands except earnings per share):

|                              | <u>Percent Change</u> | <u>2Q 2000</u> | <u>2Q 1999</u> |
|------------------------------|-----------------------|----------------|----------------|
| Net Sales                    | ( 5.0)%               | \$6,956        | \$7,320        |
| Gross Profit                 | + 0.1%                | 3,873          | 3,870          |
| Operating Income             | + 6.0%                | 2,128          | 2,008          |
| Income Before Tax            | + 2.3%                | 2,162          | 2,114          |
| Net Income                   | + 2.5%                | 1,383          | 1,349          |
| Earnings Per Share           | +22.7%                | .216           | .176           |
| Shares Outstanding (diluted) |                       | 6,402          | 7,662          |

Six Months ended June 30  
(in thousands except earnings per share):

|                              | <u>Percent Change</u> | <u>1H 2000</u> | <u>1H 1999</u> |
|------------------------------|-----------------------|----------------|----------------|
| Net Sales                    | ( 5.0)%               | \$13,621       | \$14,338       |
| Gross Profit                 | ( 0.2)%               | 7,544          | 7,557          |
| Operating Income             | + 6.5%                | 4,007          | 3,761          |
| Income Before Tax            | + 2.4%                | 4,078          | 3,982          |
| Net Income                   | + 2.4%                | 2,608          | 2,548          |
| Earnings Per Share           | +24.0%                | .405           | .327           |
| Shares Outstanding (diluted) |                       | 6,436          | 7,796          |