

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

PRESS RELEASE

UTMD Reports Financial Results for Third Quarter 2001

October 16, 2001

Contact: Paul Richins
(801) 566-1200

Salt Lake City, Utah - Utah Medical Products, Inc. (Nasdaq:UTMD) reports that Third Quarter (3Q) 2001 bottom line results continued to exceed its publicly announced projections. Earnings per share (eps) increased 24% to 29¢, compared to 3Q 2000 eps of 23¢. Eps for the first nine months (9YTD) of 2001 were 85¢ compared to 9YTD 2000 eps of 64¢, a 33% increase in year-to-date eps. Eps for the most recent four calendar quarters (LTM) were \$1.12. UTMD concluded its fifteenth consecutive quarter of higher eps when compared to the same quarter in the prior year, during which 3 ¼ year time span eps have grown at a compounded rate of 23% per year.

UTMD achieved gross profit margins of 57.4% and 57.5% for the 3Q and 9YTD 2001 periods, respectively. Gross margins for the same periods in 2000 were 55.6% and 55.5% respectively. UTMD achieved record operating profit margins of 35.3% and 34.6% for the 3Q and 9YTD 2001 periods, respectively. Operating margins for the same periods in 2000 were 31.3% and 30.0% respectively. Due to closely managing its overhead expenses, UTMD increased operating income dollars 11% in 3Q 2001 compared with 3Q 2000, and 13% for 9YTD 2001 compared with 9YTD 2000, despite approximately a 1% decline in sales relative to the prior year.

Sales to international customers in 3Q 2001 continued to be weaker than expected. International sales were down \$264,000 compared to the average of 1Q and 2Q 2001 international sales, and 16% lower than 3Q 2000 international sales. UTMD was not able to begin shipping product as anticipated for its new OEM program with Pulsion Medical Systems AG because of delays in product qualification. Sales to U.S. direct customers, in contrast, were the best of the year, up \$530,000 compared to the average of 1Q and 2Q 2001 direct domestic sales, and 3% higher than 3Q 2000 direct domestic sales. UTMD management attributes the improvement primarily to a more effective marketing effort from its direct sales force.

Earnings before interest and income tax expenses, and before non-cash depreciation/amortization expenses (EBITDA) were \$3,015,000 and \$8,863,000 in 3Q and 9YTD 2001, compared to \$2,832,000 and \$8,230,000 in 3Q and 9YTD 2000, respectively. LTM EBITDA were \$11,742,000. LTM EBITDA were 44% of sales, demonstrating a continued exceptional operating performance. UTMD's bank debt balance as of September 30, 2001 was \$4,400,000, down from \$12,100,000 on September 30, 2000 following UTMD's 3Q 2000 tender offer repurchase of 1,119,000 of its shares at \$8.20 per share. Unless UTMD uses debt to finance another acquisition or additional share repurchases, the Company expects to be debt free by June 30, 2002.

Other financial ratios as of September 30, 2001 which may be of interest to investors include UTMD's

1) Current Ratio = 3.1

2) Days in Receivables (based on 3Q sales activity) = 52.4

3) Average Inventory Turns (based on 3Q COGS) = 3.6

4) Year-to-Date ROE = 40%

Investors are cautioned that where this announcement contains forward looking statements, 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 3Q 2001 will be filed with the SEC by November 15, and will be available for access by shareholders by linking through UTMD's website 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.

Third Quarter ended September 30
(in thousands except earnings per share):

	<u>Percent Change</u>	<u>3Q 2001</u>	<u>3Q 2000</u>
Net Sales	(1.3)%	\$6,791	\$6,882
Gross Profit	+ 1.7%	3,896	3,829
Operating Income	+11.3%	2,395	2,152
Income Before Tax	+12.1%	2,472	2,206
Net Income	+8.6%	1,532	1,410
Earnings Per Share	+24.0%	.291	.234
Shares Outstanding (diluted)		5,268	6,015

Nine Months ended September 30
(in thousands except earnings per share):

	<u>Percent Change</u>	<u>9YTD 2001</u>	<u>9YTD 2000</u>
Net Sales	(1.7)%	\$20,152	\$20,503
Gross Profit	+1.8%	11,581	11,373
Operating Income	+13.2%	6,970	6,159
Income Before Tax	+12.2%	7,051	6,283
Net Income	+9.6%	4,403	4,019
Earnings Per Share	+32.8%	.848	.639
Shares Outstanding (diluted)		5,193	6,293