

# UTAH MEDICAL PRODUCTS, INC.



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## PRESS RELEASE

### Utah Medical Products, Inc. Reports Performance Records for First Quarter 2002

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Salt Lake City, Utah - Utah Medical Products, Inc. (Nasdaq:UTMD) reports that all primary income statement measures of financial performance in First Quarter (1Q) 2002 increased compared to 1Q 2001. Sales, gross profits, operating profits, earnings before taxes (EBT), net income and earnings per share (eps) were up 2%, 1%, 13%, 20%, 23% and 17%, respectively.

The increase in consolidated global sales was led by a 5% increase in UTMD's domestic direct business activity. Shipments from UTMD's Ireland facility were up 7% even though international sales as a whole were down 1%. In product family categories, the sales increase was led by an 8% increase in neonatal product sales and an 11% increase in gynecology product sales.

Even though gross profit margins remained consistent with the prior year's average, the Company was able to set new records for its operating profit margin at 37.6% and net profit margin at 25.5%, which drove rapid increases in profit dollars. Operating expenses were down 16% overall, lower in all categories. Operating expenses were 19.3% of sales compared to 23.4% of sales in 1Q 2001. A reduction in the Company's accrual rate for litigation expenses associated with the patent infringement lawsuit (which received a favorable verdict in January), and the cessation of amortization of goodwill dictated by FASB SFAS No. 142, helped reduce G&A expenses. A lull in both S&M and R&D expenses coincided in 1Q 2002. Management expects S&M and R&D expenses to increase as the year progresses. EBT benefited from the fact that non-operating income in 1Q 2002 was \$113,000 compared to an expense of \$26,000 in 1Q 2001, as a result of greatly reduced interest costs on the Company's line of credit. The average line of credit balance for 1Q 2002 was \$1.7 million compared to \$8.8 million in 1Q 2001. The March 31, 2002 line of credit balance was \$0.9 million, compared to \$2.5 million three months earlier on December 31, 2001.

The growth in net profits was leveraged by a substantial reduction in UTMD's estimated income tax rate due to two primary factors: actual litigation costs which exceeded the Company's accrual rate due to the trial in January, and exercises of employee options. For employee options exercised and sold in less than one year, the gain realized by the employee is tax deductible to the Company. UTMD expects the tax deduction benefits of these factors to continue in 2002, resulting in a lower income tax rate for 2002 compared to 2001.

The Company's rapid increase in stock price had a retarding effect on eps growth, as a result of dilution from option exercises and calculation for unexercised options with an exercise price below the current market value. UTMD's share price increased 17% for the quarter, 77% for the last twelve months and 39% compounded per year for the last three years. The diluted number of shares used to calculate 1Q 2002 eps were 5,366,200 compared to 5,117,200 for 1Q 2001. The actual number of outstanding shares at the end of 1Q 2002 was 5,013,400 including exercises of 38,100 employee option shares. In order to help offset option dilution, UTMD repurchased 53,500 shares at a cost of

\$0.8 million during 1Q 2002. Management will continue to be mindful of the dilution effect of its option programs. The total number of outstanding unexercised options is about 1.1 million shares at an average exercise price of \$9.30/ share, including shares awarded but not vested.

Diluted 1Q 2002 eps increased to a record 32¢ compared to 1Q 2001 eps of 27¢, yielding UTMD's seventeenth consecutive quarter of higher eps compared with the same quarter in the prior year. During that 4¼ year time span, eps have grown at an annually compounded rate of 22%. Eps for the most recent four calendar quarters (TTM) were \$1.19, a company record for four consecutive calendar quarters. Last December, the Company projected \$1.26 eps for calendar 2002.

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 2002 1Q 10-Q will be filed with the SEC by May 15.

Utah Medical Products, Inc., with particular interest in health care 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. For more information about Utah Medical Products, Inc., visit UTMD's website at [www.utahmed.com](http://www.utahmed.com).

#### INCOME STATEMENTS

(in thousands except per share data - unaudited)

	<u>Percent Change</u>	First Quarter ended March 31	
		<u>2002</u>	<u>2001</u>
Net Sales	+ 2.1%	\$ 6,705	\$ 6,567
Gross Profit	+ 1.4%	3,816	3,763
Operating Income	+13.3%	2,521	2,225
Income Before Tax	+19.8%	2,634	2,199
Net Income	+23.1%	1,712	1,391
Diluted Earnings Per Share	+17.4%	\$ .319	\$ .272
Shares Outstanding (diluted)		5,366	5,117

#### BALANCE SHEETS

(in thousands)

	(unaudited)	(audited)	(unaudited)
	<u>March 31,</u> <u>2002</u>	<u>December 31,</u> <u>2001</u>	<u>March 31,</u> <u>2001</u>
<b>Assets</b>			
Accounts Receivable - net	\$ 3,687	\$ 3,585	\$ 3,767
Inventories	3,295	3,248	3,115
Other Current Assets	<u>895</u>	<u>1,040</u>	<u>897</u>
Total Current Assets	7,877	7,873	7,779
Property and Equipment - net	8,749	8,877	9,310
Intangible Assets - net	<u>6,801</u>	<u>6,822</u>	<u>7,379</u>
Total Assets	\$ 23,427	\$ 23,572	\$ 24,468
<b>Liabilities and Stockholders' Equity</b>			
Total Current Liabilities	\$ 2,765	\$ 2,474	\$ 2,987
Note Payable	900	2,501	7,600
Deferred Income Taxes	302	390	367
Stockholders' Equity	<u>19,460</u>	<u>18,207</u>	<u>13,514</u>
Total Liabilities and Stockholders' Equity	\$ 23,427	\$ 23,572	\$ 24,468