

UTAH MEDICAL PRODUCTS, INC.



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PRESS RELEASE

UTMD Reports Financial Results for Third Quarter 2000

October 19, 2000

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Salt Lake City, Utah - Utah Medical Products, Inc. (Nasdaq:UTMD) reports a soft quarter for Third Quarter 2000 (3Q00) business activity compared to 3Q99, its best quarter of 1999. Sales, gross profit, operating income, and net income in 3Q00 compared to 3Q99 were down 9%, 7%, 4% and 5%, respectively. About half of the sales decline came from lower sales of components to other medical device companies (OEM sales) which declined 25%, and about half from direct sales to U.S. hospitals which declined 6%. Except for OEM sales to Baxter which have been steadily declining since 1996, which were only \$11,000 in 3Q00 down from \$111,000 in 3Q99, the Company notes that its OEM sales can fluctuate from quarter to quarter depending on order patterns. The decline in domestic direct business was less than the previous two quarters of this year, as UTMD's recent initiatives to improve distribution are beginning to take hold. Profits did not decline as much as sales because of UTMD's ability to effectively manage its operating expenses.

Compared to the immediately preceding 2Q00, the lower sales were lead by a decline in domestic OEM sales which were down 34% or \$182,000. About one-third of the domestic OEM sales decline was due each to lower molded product sales by CMI, continued lower component sales to Baxter, and discontinued Deltran sales to Vital Signs Inc and Marquette Electronics. Due to the strength of the U.S. dollar, UTMD's international sales were down 8% or \$117,000. In contrast, UTMD's core domestic sales to direct customers were up 5% or \$226,000 compared to the immediately preceding 2Q00.

For the first nine months of calendar year 2000 (9M00) compared to the same period in 1999, sales were down 6% but gross profits were down only 2% as a result of continued improvements in manufacturing costs. Gross margins for 3Q00 and 9M00 were 55.6% and 55.5% respectively, compared to gross margins for the same periods in 1999 which were 54.2% and 53.2%. The 2000 gross margin improvement was significant because of reduced absorption of fixed manufacturing overheads on the lower 2000 sales activity. Operating income for 9M00 was up 2%, as UTMD was able to reduce operating expenses at a rate greater than its decline in sales activity. Net income for 9M00 remained about the same as in the prior year.

CEO Kevin Cornwell states, "Although we intended to have higher sales activity, achieving the same net profits as in the prior year with less revenues was an excellent accomplishment for the first nine months of 2000. It positions UTMD to rapidly expand its profits as we increase sales activity from the introduction of two new products, the EndoCurette™ and the Gesco® PICC. The EndoCurette, released for marketing by the FDA in late May, has been in the process of being tooled for high volume production. The EndoCurette was developed in conjunction with Dr. Stuart Fowler of the Mayo Clinic to obtain a more robust tissue sample by physicians trying to rule out precancerous change of the uterus in women with abnormal bleeding. UTMD estimates the current annual U.S. market for the device is about \$25 million. The Gesco PICC product family was released by the FDA at the end of September. UTMD now offers the NICU the broadest range of long term indwelling vascular access devices available for specialized neonatal care. UTMD estimates the current annual

U.S. market for the neonatal PICC to be about \$10 million. Both products fit well into UTMD's existing product lines and call points for its direct sales force. Both products have significant potential in overseas markets, as well."

Earnings per share (EPS) for 3Q00 were up 7%, as UTMD concluded its eleventh 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 20% per year. Year to date 2000 EPS are up 18% compared to 1999. EPS for the most recent four calendar quarters (LTM) were 86¢.

Cash flow before interest and income tax expenses (EBITDA) was \$2,832,000 and \$8,230,000 in 3Q and 9M00, compared to \$2,987,000 and \$8,095,000 in 3Q and 9M99, respectively. LTM EBITDA were \$11,178,000, or \$2.22/ share based on 5,027,000 outstanding shares at the end of 3Q00. LTM EBITDA were 40% of sales, an exceptional operating performance.

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 third quarter will be filed with the SEC by November 14, and will be available for direct access on the Internet for 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 2000</u> | <u>3Q 1999</u> |
|------------------------------|-----------------------|----------------|----------------|
| Net Sales | (9.1)% | \$6,882 | \$7,568 |
| Gross Profit | (6.7)% | 3,829 | 4,104 |
| Operating Income | (4.4)% | 2,152 | 2,252 |
| Income Before Tax | (5.1)% | 2,206 | 2,323 |
| Net Income | (5.1)% | 1,410 | 1,487 |
| Earnings Per Share | + 6.8% | .234 | .219 |
| Shares Outstanding (diluted) | | 6,015 | 6,774 |

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

| | <u>Percent Change</u> | <u>9M 2000</u> | <u>9M 1999</u> |
|------------------------------|-----------------------|----------------|----------------|
| Net Sales | (6.4)% | \$20,503 | \$21,905 |
| Gross Profit | (2.5)% | 11,373 | 11,661 |
| Operating Income | + 2.4% | 6,159 | 6,013 |
| Income Before Tax | (0.3)% | 6,283 | 6,305 |
| Net Income | (0.4)% | 4,019 | 4,035 |
| Earnings Per Share | +17.9% | .639 | .542 |
| Shares Outstanding (diluted) | | 6,293 | 7,448 |