

UTAH MEDICAL PRODUCTS, INC.



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PRESS RELEASE

UTMD Reports Financial Results for Second Quarter 2002

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Salt Lake City, Utah - Utah Medical Products, Inc. (Nasdaq:UTMD) reports results for Second Quarter (2Q) 2002 that are accurate and meet the provisions of Generally Accepted Accounting Principles. According to CEO Kevin Cornwell, "I would like to assure investors that, in my personal knowledge as CEO since 1992, UTMD does not and has not subscribed to aggressive accounting methods recently reported in the news that seem to have adversely affected investor confidence in corporate earnings."

In the second calendar quarter of 2002 (2Q 2002), UTMD's net income increased 21% to \$1,785,000, compared to 2Q 2001 net income of \$1,481,000. Earnings per share (eps) in 2Q 2002 increased 17% to 33¢, compared to 29¢ in 2Q 2001. Eps for the first six months (1H) of 2002 were 65¢ compared to 1H 2001 eps of 56¢, also a 17% increase in year-to-date eps. UTMD concluded its eighteenth consecutive quarter of higher eps compared to the same quarter in the prior year, during which 4½ year time span eps have grown at a compounded rate of 22% per year. Eps for the most recent four calendar quarters (LTM) were \$1.23. The Company's eps projection last December of \$1.26 for calendar year 2002 now looks a little too conservative.

UTMD achieved gross profit margins of 57.6% and 57.3% for the 2Q and 1H 2002 periods which were consistent with gross margins for the same periods in 2001, which were 57.7% and 57.5%, respectively. UTMD achieved record operating profit margins of 38.3% and 37.9% for the 2Q and 1H 2002 periods, respectively. Operating margins for the same periods in 2001 were 34.6% and 34.2% respectively. Due primarily to lower selling expenses and lower G&A expenses from the change in accounting method mandated by FASB regarding eliminating amortization of goodwill, operating income dollars increased 11% in 2Q 2002 compared with 2Q 2001, and increased 12% for 1H 2002 compared with 1H 2001.

UTMD's earnings before interest and income tax expenses and before non-cash depreciation/amortization expenses (EBITDA), were \$3,047,000 and \$6,005,000 in 2Q and 1H 2002, compared to \$2,988,000 and \$5,849,000 in 2Q and 1H 2001, respectively. LTM EBITDA were \$11,939,000. LTM EBITDA were 44% of sales, an exceptional operating performance. As previously projected, UTMD eliminated its bank debt prior to the end of 2Q 2002.

Other financial ratios as of June 30, 2002 which may be of interest to investors include UTMD's

- 1) Current Ratio = 3.9
- 2) Days in Receivables (based on 2Q sales activity) = 46.0
- 3) Average Inventory Turns (based on 2Q CGS) = 3.5
- 4) Year-to-Date ROE = 35%

Investors are cautioned that this press release contains a forward looking statement and that actual results may differ from those projected. Risk factors that could cause results to differ materially from

those projected include GPOs limiting market access to potential customers, clinical 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.

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.

Utah Medical Products, Inc.

INCOME STATEMENTS (unaudited) (in thousands except earnings per share data)

Second Quarter ended June 30

	<u>Percent Change</u>	<u>2Q 2002</u>	<u>2Q 2001</u>
Net Sales	+ 0.1%	\$ 6,800	\$ 6,794
Gross Profit	(0.1%)	3,917	3,921
Operating Income	+10.7%	2,602	2,351
Income Before Tax	+14.7%	2,728	2,379
Net Income	+20.5%	1,785	1,481
Diluted Earnings Per Share	+16.7%	\$.333	\$.285
Shares Outstanding (diluted)		5,367	5,195

Six Months Ended June 30

	<u>Percent Change</u>	<u>1H 2002</u>	<u>1H 2001</u>
Net Sales	+ 1.1%	\$ 13,505	\$ 13,361
Gross Profit	+ 0.6%	7,733	7,684
Operating Income	+12.0%	5,124	4,575
Income Before Tax	+17.1%	5,362	4,579
Net Income	+21.8%	3,497	2,872
Diluted Earnings Per Share	+17.0%	\$.652	\$.557
Shares Outstanding (diluted)		5,367	5,155

BALANCE SHEETS (in thousands)

	(unaudited) <u>June 30,</u> <u>2002</u>	(audited) <u>December 31,</u> <u>2001</u>	(unaudited) <u>June 30,</u> <u>2001</u>
Assets			
Accounts Receivable - net	\$ 3,458	\$ 3,585	\$ 3,795
Inventories	3,351	3,248	3,135
Other Current Assets	<u>1,563</u>	<u>1,040</u>	<u>966</u>
Total Current Assets	8,372	7,873	7,896
Property and Equipment - net	8,990	8,877	9,099
Intangible Assets - net	<u>6,779</u>	<u>6,822</u>	<u>7,189</u>
Total Assets	\$ 24,141	\$ 23,572	\$ 24,184
Liabilities and Stockholders' Equity			
Total Current Liabilities	\$ 2,145	\$ 2,474	\$ 2,345

Note Payable	-	2,501	6,600
Deferred Income Taxes	200	390	380
Stockholders' Equity	<u>21,796</u>	<u>18,207</u>	<u>14,859</u>
Total Liabilities and Stockholders' Equity	\$ 24,141	\$ 23,572	\$ 24,184