CONMED Corporation Announces Fourth Quarter and 2001 Year End Results

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- Fourth Quarter Sales Up 11% to $113.3 Million - - Fourth Quarter EPS Increases 33% to $0.32, Excluding Acquisition Related Charges -

CONMED Corporation (Nasdaq: CNMD) today announced financial results for the fourth quarter and year ended December 31, 2001.

Fourth Quarter Results

Sales for the fourth quarter increased 11% to $113.3 million from $102.3 million in the comparable quarter last year. Net income, excluding a $0.7 million acquisition related charge, was $8.1 million, 43% above the $5.7 million reported in last year's fourth quarter. Earnings per diluted share, excluding the charge, grew 33% to $0.32 from $0.24 in the same quarter in 2000. Had FAS 142 on goodwill accounting been effective, earnings would have been $9.5 million, or $0.37 per diluted share, compared to $7.1 million, or $.31 per diluted share, in fourth quarter 2000.

Fourth quarter sales of the Company's orthopedic products grew to $68.9 million, 4% above the $66.1 million reported in the fourth quarter a year ago. Arthroscopy sales increased 11% to $40.3 million from $36.2 million in the same period last year. Powered instrument sales were $28.6 million compared to $29.9 million, reflecting a mature battery powered system that the Company expects to replace in the first quarter of 2002.

Electrosurgery revenues were $18.0 million, a 3% increase from the $17.5 million recorded in fourth quarter 2000. Sales of Patient Care Products grew 2% to $17.1 million compared to $16.7 million. Endoscopy revenues grew significantly to $9.3 million from $2.0 million in the same period last year, reflecting the addition of the Imagyn product line.

Year End Results

For the year ended December 31, 2001, CONMED reported revenues of $428.7 million, an 8% increase from $395.9 million in 2000. Net income, excluding unusual charges, was $25.4 million, up 25% from $20.3 million last year. Earnings per diluted share, excluding charges, grew 20% to $1.04 compared to $0.87 last year. Had FAS 142 on goodwill accounting been effective, earnings in 2001 would have been $31.1 million, or $1.27 per diluted share, compared to $25.9 million, or $1.11 per diluted share in 2000.

By product line, Arthroscopy grew 7% to $155.6 million compared to $145.0 million in the year 2000, Powered Surgical Instruments grew 1% to $114.3 million compared to $113.7, Electrosurgery grew 7% to $66.9 million from $62.5 million, Patient Care increased 1% to $69.1 million from $68.2 million, and Endoscopy grew to $22.8 million from $6.5 million. Organic Endoscopy growth was 13% in 2001, with the remainder of the growth resulting from the Imagyn product line acquisition.

During 2001, the Company reduced its balance sheet debt a total of $26 million from operating cash flows. In addition, the balance sheet debt further declined $17 million from the net effect of two financing transactions. An accounts receivable securitization facility, completed in November 2001, reduced balance sheet debt by $40 million while the purchase of the Company's Florida facility in July 2001, which had been previously leased, increased balance sheet debt by $23 million. EBITDA amounted to $99.1 million for the year, excluding acquisition charges.

Joseph J. Corasanti, President and Chief Operating Officer, commented, "We are very pleased to have closed an already successful 2001 with a better-than-expected fourth quarter. These results reflect our focused efforts to increase sales through new product launches and more aggressive marketing and sales programs. In 2001, we successfully launched 10 new products in our orthopedic offering, established CONMED as the third largest player in the fast growing endoscopy market with the acquisition of the Imagyn product line in July, and stabilized our Patient Care line after disappointing results in 2000. Furthermore, our ability to leverage our infrastructure enabled us to post a 33% earnings increase in the fourth quarter on 11% revenue growth."

Mr. Corasanti continued, "Looking ahead, we believe that our focus on new product launches will produce total revenue growth of 8% in 2002 over 2001, including the full year effects of the Imagyn acquisition. We expect operating efficiencies to generate earnings per share increases of 35% to 40% as compared to 2001 including the elimination of goodwill amortization which will add $0.22 per share to our 2002 earnings. For the first quarter, traditionally one of our stronger quarters, we anticipate revenues to be in the range of $111 to $115 million with diluted earnings per share of $0.35 to $0.38."

In July 2001, CONMED completed its acquisition of certain surgical products from Imagyn Medical Technologies. Transitional costs related to this transaction resulted in a charge of $0.7 million, or $0.02 per diluted share, for the fourth quarter and $1.6 million, or $0.04 per diluted share, for the year. Including these charges, the Company reported net income of $7.7 million, or $0.30 per diluted share for the fourth quarter, and $24.4 million, or $1.00 per diluted share, for the year. In the second quarter of 2000, the Company incurred a severance charge of $1.5 million, or $.04, per diluted share. Including this charge, net income in 2000 was $19.3 million, or $.83 per diluted share.

CONMED is a medical technology company specializing in instruments, implants, and video equipment for arthroscopic sports medicine, and powered surgical instruments (drills and saws) for orthopedic, ENT, neuro-surgery, and other surgical specialties. The Company is also a leading developer, manufacturer and supplier of RF electrosurgery systems used routinely to cut and cauterize tissue in over ninety per cent of all surgical procedures worldwide, endoscopy products such as trocars, clip appliers, scissors, and surgical staplers, and a full line of ECG electrodes for heart monitoring and other patient care products. Headquartered in Utica, New York, the Company's 2,500 employees distribute its products worldwide from eight manufacturing locations.

This press release contains forward-looking statements based on certain assumptions and contingencies that involve risks and uncertainties. The

forward-looking statements are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 and relate to the Company's performance on a going-forward basis. The forward-looking statements in this press release involve risks and uncertainties which could cause actual results, performance or trends, including the above mentioned anticipated revenues and earnings, to differ materially from those expressed in the forward-looking statements herein or in previous disclosures. The Company believes that all forward-looking statements made by it have a reasonable basis, but there can be no assurance that management's expectations, beliefs or projections as expressed in the forward-looking statements will actually occur or prove to be correct. In addition to general industry and economic conditions, factors that could cause actual results to differ materially from those discussed in the forward-looking statements in this press release include, but are not limited to: (i) the failure of any one or more of the assumptions stated above, to prove to be correct; (ii) the risks relating to forward-looking statements discussed in the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2000; (iii) cyclical purchasing patterns from customers, end-users and dealers; (iv) timely release of new products, and acceptance of such new products by the market; (v) the introduction of new products by competitors and other competitive responses; (vi) the possibility that any new acquisition or other transaction may require the Company to reconsider its financial assumptions and goals/targets; and/or (vii) the Company's ability to devise and execute strategies to respond to market conditions.

CONMED CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(thousands except per share amounts)

	Three months ended December		Twelve months ended December	
	2000	2001	2000	2001
Net sales	$102,346	$113,324	$395,873	$428,722
Cost of sales	48,099	52,722	188,223	202,807
Selling and administrative	32,812	36,780	126,807	140,560
Research and development	3,783	4,167	14,870	14,830
Unusual items -- Note A	--	681	1,509	1,567
	84,694	94,350	331,409	359,764
Income from operations	17,652	18,974	64,464	68,958
Interest expense, net	8,809	7,015	34,286	30,824
Income before income taxes	8,843	11,959	30,178	38,134
Provision for income taxes	3,183	4,305	10,864	13,728
Net income	$5,660	$7,654	$19,314	$24,406
Per share data:				
Net Income				
Basic	$.25	$.30	$.84	$1.02
Diluted	.24	.30	.83	1.00
Weighted average common shares				
Basic	22,989	25,208	22,967	24,045
Diluted	23,169	25,678	23,271	24,401

Note A -- In the second quarter of 2000, the Company incurred a severance charge of $1,509,000 related to the restructuring of the Company's arthroscopy sales force. In the third and fourth quarters of 2001, the Company incurred $886,000 and $681,000, respectively, of non-recurring transition expenses related to a July 6, 2001 product line acquisition.

CONMED CORPORATION
CONSOLIDATED CONDENSED BALANCE SHEETS
(in thousands)

ASSETS

	December 2000	December 2001
Current assets:		
Cash and cash equivalents	$3,470	$1,402
Accounts receivable, net	78,626	51,188
Inventories	104,612	107,390
Other current assets	5,323	4,569
Total current assets	192,031	164,549
Property, plant and equipment, net.	62,450	91,026
Goodwill and other assets, net	425,090	446,033
Total assets	$679,571	$701,608

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Current portion of long-term debt	$36,068	$73,429
Accrued interest	5,130	4,954
Other current liabilities	37,078	39,795
Total current liabilities	78,276	118,178
Long-term debt	342,680	262,500
Other long-term liabilities	28,012	36,234
Total liabilities	448,968	416,912
Shareholders' equity:		
Capital accounts	127,796	160,591
Retained earnings	103,834	128,240
Accumulated other comprehensive loss	(1,027)	(4,135)
Total equity	230,603	284,696
Total liabilities and shareholders' equity	$679,571	$701,608

OTHER FINANCIAL INFORMATION
(unaudited, in thousands)

	Three months ended December		Twelve months ended December	
	2000	2001	2000	2001
EBITDA (excluding non-recurring items)	$24,966	$27,109	$94,044	$99,121
Depreciation	2,428	2,407	9,434	9,055
Amortization	4,886	5,047	18,637	19,541
Capital expenditures	2,183	1,739	14,050	14,443

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