

CONMED Corporation Announces Second Quarter 2002 Results

July 18, 2002 7:07 AM ET

UTICA, N.Y., Jul 18, 2002 /PRNewsire-FirstCall via Comtex/ --

- Second Quarter Sales Up 6.8% to \$111.3 Million - - Net Income Increases 58% to \$9.0 Million -

CONMED Corporation (Nasdaq: CNMD) today announced financial results for the quarter ended June 30, 2002.

Sales for the second quarter increased to \$111.3 million from \$104.2 million in the comparable quarter last year, an increase of 6.8%. Net income was \$9.0 million, 58% above the \$5.7 million reported in last year's second quarter. Earnings per diluted share grew 32% to \$0.33 on approximately four million additional shares outstanding compared to \$0.25 in the 2001 second quarter. On January 1, 2002, the Company adopted the provisions of FAS 142 relative to the cessation of goodwill amortization. This change caused net income to increase \$1.4 million for the quarter and earnings per share to increase \$.05.

Arthroscopy sales increased 8.4% to \$41.2 million from \$38.0 million in the same period last year. Powered surgical instrument sales were \$27.0 million compared to \$28.4 million in the second quarter of 2001. As previously announced, the Company introduced its PowerPro(R) Battery Powered Instrument line of powered surgical instruments in February 2002, replacing its older versions of battery powered instruments. First shipments of the product line were made in March 2002. During the second quarter 2002, the Company's sales of the PowerPro(R) battery systems amounted to approximately \$2 million and were in line with the Company's expectations.

Electrosurgery revenues were \$17.0 million, consistent with the \$17.1 million recorded in second quarter 2001. Endoscopy revenues tripled to \$9.0 million from \$3.0 million in the same period last year, reflecting the performance from the Imagyn product line acquired in July 2001. Sales of Patient Care Products were \$17.1 million compared to \$17.6 million in the second quarter 2001.

In the three months ended June 30, 2002, the Company reduced its balance sheet debt by \$68 million. The majority of the reduction, \$64 million, came from the net proceeds of the Company's three million primary share offering net of the \$2 million warrant repurchase from Bristol-Myers Squibb Company and other offering expenses. Cash from operating activities reduced the balance sheet debt by \$4 million and the financing from the accounts receivable facility by \$4 million. Thus balance sheet debt and the receivable facility were reduced a total of \$8 million from operating cash flows. EBITDA amounted to \$25.6 million for the quarter.

For the six months ended June 30, 2002, CONMED reported revenues of \$224.5 million, a 6.9% increase from \$210.1 million in the first six months of 2001. Net income, was \$18.0 million, up 54% from \$11.7 million last year. Earnings per diluted share grew 36% to \$0.68 compared to \$0.50 last year. The change for FAS 142 with respect to goodwill accounting caused net income for the six months ended June 2002 to increase by \$2.8 million and diluted earnings per share to increase by \$0.10.

Joseph J. Corasanti, President and Chief Operating Officer, commented, "I am pleased with the performance of all our product groups for the first half of 2002. Arthroscopy improved its growth rate in the second quarter to 8.4%, with a particularly strong showing in our shoulder and imaging products. With regard to powered surgical instruments, we expect to see rapid growth in the third quarter as we continue to gain traction in the medical community with sales of our PowerPro(R) Battery systems. Based on the feedback we've received from the evaluation stages of PowerPro(R) Battery, we remain confident with our full year revenue growth target of 7%. In addition, our electrosurgery growth for the six months is in excess of 5% and patient care and endoscopy continue to track in-line with our expectations."

Mr. Corasanti continued, "Looking ahead, we continue to believe that new product launches and market growth in our existing product lines will produce total revenue growth of 8% in 2002 over 2001, including the full year effects of the Imagyn acquisition. For the third quarter, we anticipate revenues to be in the range of \$108 to \$113 million with diluted earnings per share of \$0.30 to \$0.34. For the full year of 2002, we expect diluted earnings per share to be \$1.37 to \$1.42."

CONMED is a medical technology company specializing in instruments, implants, and video equipment for arthroscopic sports medicine, and powered surgical instruments, such as 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 nearly all types of all surgical procedures worldwide, and endoscopy products such as trocars, clip applicators, scissors, and surgical staplers. The Company also manufactures and sells 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, 2001 and the Prospectus dated May 22, 2002; (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
(in thousands except per share amounts)
(unaudited)

	For three months ended		For six months ended	
	June 2001	June 2002	June 2001	June 2002
Net sales	\$104,171	\$111,269	\$210,080	\$224,474
Cost of sales	49,965	51,711	99,639	105,815
Selling and administrative	33,922	35,141	68,751	69,609
Research and development	3,476	4,078	7,172	7,902
	87,363	90,930	175,562	183,326
Income from operations	16,808	20,339	34,518	41,148
Interest expense, net	7,848	6,355	16,179	12,983
Income before income taxes	8,960	13,984	18,339	28,165
Provision for income taxes	3,226	5,034	6,602	10,139
Net income	\$5,734	\$8,950	\$11,737	\$18,026
Per share data:				
Net Income				
Basic	\$.25	\$.34	\$.51	\$.70
Diluted	.25	.33	.50	.68

Weighted average common shares

Basic	23,111	26,584	23,084	25,735
Diluted	23,399	27,359	23,352	26,422

CONMED CORPORATION
CONSOLIDATED CONDENSED BALANCE SHEETS
(in thousands)

	ASSETS		(unaudited)	
		December 2001		June 2002
Current assets:				
Cash and cash equivalents		\$1,402		\$877
Accounts receivable, net		51,188		57,039
Inventories		107,390		114,869
Other current assets		4,569		4,765
Total current assets		164,549		177,550
Property, plant and equipment, net.		91,026		95,050
Goodwill and other assets, net		446,033		445,313
Total assets		\$701,608		\$717,913

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:				
Current portion of long-term debt		\$73,429		\$78,727
Accrued interest		4,954		3,607
Other current liabilities		41,454		46,051
Total current liabilities		119,837		128,385
Long-term debt		262,500		179,006
Other long-term liabilities		35,637		38,820
Total liabilities		417,974		346,211
Shareholders' equity:				
Capital accounts		160,591		228,718
Retained earnings		128,240		146,266
Accumulated other comprehensive loss		(5,197)		(3,282)
Total shareholders' equity		283,634		371,702
Total liabilities and shareholders' equity		\$701,608		\$717,913

OTHER FINANCIAL INFORMATION
(unaudited, in thousands)

	Three months ended		Six months ended	
	2001	June 2002	2001	June 2002
EBITDA	\$23,931	\$25,566	\$48,853	\$51,361
Depreciation	2,160	2,198	4,345	4,404
Amortization	4,963	3,029	9,990	5,809
Capital expenditures	4,788	5,220	8,655	8,428

MAKE YOUR OPINION COUNT - [Click Here](#)
<http://tbutton.prnewswire.com/prn/11690X84242804>

SOURCE CONMED Corporation

CONTACT: Robert Shallish, Chief Financial Officer of CONMED Corporation,
+1-315-624-3206; or Investors - Lauren Levine or Lanie Fladell, or Media - Dan
Budwick, all of Morgen-Walke Associates, +1-212-850-5600, for CONMED
Corporation
/Company News On-Call: <http://www.prnewswire.com/comp/201850.htm>

URL: <http://www.prnewswire.com>
<http://www.conmed.com>

Copyright (C) 2002 PR Newswire. All rights reserved.