

CONMED Corporation Announces Third Quarter 2002 Results - Third Quarter Sales Up 7.6% to \$113.3 Million - - Income Before Extraordinary Item Increases 64% to a Record \$9.2 Million - - Powered Surgical Instrument Sales Grew 14.2% to \$30.5 Million -

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UTICA, N.Y., Oct 17, 2002 /PRNewswire-FirstCall via COMTEX/ -- CONMED Corporation (Nasdaq: CNMD) today announced financial results for the quarter ended September 30, 2002.

Sales for the third quarter increased 7.6% to \$113.3 million from \$105.3 million in the comparable quarter last year. Income grew 64% to a record \$9.2 million excluding an extraordinary item related to the Company's refinancing of its senior debt (additional detail provided below). This compares to income of \$5.6 million in last year's third quarter excluding an unusual charge in that period relating to an acquisition (additional detail provided below).

Earnings per diluted share, excluding the aforementioned extraordinary item, grew 45% to \$0.32 on approximately four million additional shares outstanding compared to \$0.22 excluding the unusual charge in the 2001 third 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 \$0.05.

Arthroscopy sales increased 4.0% to \$38.6 million from \$37.1 million in the same period last year. Powered Surgical Instrument sales grew 14.2% to \$30.5 million compared to \$26.7 million in the third quarter of 2001. As previously announced, the Company introduced its PowerPro(R) Battery Powered Instrument line in February 2002, with first shipments to customers in March 2002. During the third quarter 2002, sales of the PowerPro(R) battery systems amounted to approximately \$5 million, in line with the Company's expectations. A portion of the quarter's sales of Powered Instruments were made to DePuy Orthopaedics, a Johnson and Johnson Company, for the purpose of providing sample units of the PowerPro(R) product to the DePuy sales force. These sample sales were at gross margins lower than the margins realized for units sold to end-user customers.

Endoscopy revenues increased 15.2% to \$9.1 million compared to \$7.9 million in the same period last year. The endoscopy product line acquired from Imagyn in July 2001 has now completed a full year with CONMED. Thus, the sales growth is entirely organic. Sales of Patient Care Products grew 7.7% to \$18.1 million compared to \$16.8 million in the third quarter 2001. Electrosurgery revenues were \$17.0 million, up slightly from the \$16.8 million recorded in third quarter 2001.

Mr. Joseph J. Corasanti, President and Chief Operating Officer, commented, "We are pleased to have reported strong third quarter results, with growth from all our product groups. Our percentage growth leader this quarter was Endoscopy, which grew at a rate of 15% reflecting our continued penetration into this market. Additionally, we are extremely pleased with the robust performance of Powered Surgical Instruments, which, on the strength of our PowerPro(R) Battery line, garnered sales of \$30.5 million, up 14.2% over last year and in line with our expectations. Patient Care enjoyed rather healthy growth at a rate of 7.7%, underscoring our confidence that this product group will be a positive contributor to the overall financial strength of CONMED."

In the three months ended September 30, 2002, the Company reduced its balance sheet debt by \$4 million, and increased the usage of the receivable facility by \$2 million causing a net reduction in financings of \$2 million. For the nine months of 2002, the Company has reduced its debt and receivable financings a total of \$20 million from operations. EBITDA amounted to \$25.4 million for the quarter and \$103.9 million for the trailing twelve months.

As mentioned above, during August 2002, the Company entered into a new senior credit agreement, the proceeds of which were used to repay the previous senior credit agreement. The new agreement consists of a \$100 million revolving line of credit, \$1 million of which was used at September 30, 2002, and a \$100 million fully utilized term loan. Unamortized deferred financing fees associated with the previous credit agreement amounting to \$944,000, net of tax, have been written off as an extraordinary item due to the early extinguishment of debt.

As previously disclosed, in July 2001, the Company completed the acquisition of certain surgical products from Imagyn Medical Technologies and incurred various transitional costs associated with integrating the acquisition into CONMED. During the quarter ended September 30, 2001, these costs amounted to \$886,000, which reduced diluted earnings per share to \$0.20.

For the nine months ended September 30, 2002, CONMED reported revenues of \$337.8 million, a 7.1% increase from \$315.4

million in the first nine months of 2001. Net income before extraordinary item was \$27.2 million, up 57% from \$17.3 million last year prior to the Imagyn integration costs. Earnings per diluted share before extraordinary item grew 38% to \$0.99 compared to \$0.72 last year before the effects of the Imagyn integration costs. The change for FAS 142 with respect to goodwill accounting caused net income for the nine months ended September 2002 to increase by \$4.2 million and diluted earnings per share to increase by \$0.15.

Mr. Corasanti continued, "We continue to expect the success of our business model and the historically strong fourth quarter to result in revenues of \$120 - \$125 million and diluted earnings per share of \$0.36 - \$0.40 for the quarter, and revenues of \$458 - \$463 million and diluted earnings per share before extraordinary item of \$1.35 - \$1.39 for the full year 2002. Looking ahead to the full year of 2003, we expect the continued execution of our strategy to generate top line organic growth of approximately 6%, similar to this year's organic growth rate. With that level of revenue growth, and through economies of scale and reduced interest costs from lower debt levels, we expect earnings per diluted share to increase approximately 15% over full year 2002 earnings per diluted share before the extraordinary item."

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 appliers, 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	Sept.	For nine months ended	Sept.
	2001	2002	2001	2002
Net sales	\$105,318	\$113,332	\$315,398	\$337,806
Cost of sales	51,332	54,429	150,971	160,244
Selling and administrative	35,029	34,562	103,780	104,171
Research and development	3,491	4,253	10,663	12,155
	89,852	93,244	265,414	276,570
Income from operations	15,466	20,088	49,984	61,236

Interest expense, net	7,630	5,765	23,809	18,748
Income before income taxes and extraordinary item	7,836	14,323	26,175	42,488
Provision for income taxes	2,821	5,156	9,423	15,295
Income before extraordinary item	5,015	9,167	16,752	27,193
Extraordinary item, net of income taxes	--	944	--	944
Net income	\$5,015	\$8,223	\$16,752	\$26,249
Per share data:				
Income before extraordinary item				
Basic	\$.20	\$.32	\$.71	\$1.01
Diluted	.20	.32	.70	.99
Extraordinary item				
Basic	--	.03	--	.03
Diluted	--	.04	--	.03
Net Income				
Basic	.20	\$.29	\$.71	\$.98
Diluted	.20	.28	.70	.96
Weighted average common shares				
Basic	24,806	28,613	23,657	26,870
Diluted	25,381	29,043	23,990	27,470

CONMED CORPORATION
CONSOLIDATED CONDENSED BALANCE SHEETS
(in thousands)

ASSETS

	December 2001	(unaudited) Sept. 2002
Current assets:		
Cash and cash equivalents	\$1,402	\$2,513
Accounts receivable, net	51,188	55,770
Inventories	107,390	117,880
Other current assets	4,569	4,468
Total current assets	164,549	180,631
Property, plant and equipment, net	91,026	94,856
Goodwill and other assets, net	446,033	445,280
Total assets	\$701,608	\$720,767

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Current portion of long-term debt	\$73,429	\$2,272
Accrued interest	4,954	1,158
Other current liabilities	41,454	44,352
Total current liabilities	119,837	47,782
Long-term debt	262,500	251,560
Other long-term liabilities	35,637	41,753
Total liabilities	417,974	341,095
Shareholders' equity:		
Capital accounts	160,591	228,383
Retained earnings	128,240	154,489
Accumulated other comprehensive loss	(5,197)	(3,200)

Total shareholders' equity	283,634	379,672
Total liabilities and shareholders' equity	\$701,608	\$720,767

OTHER FINANCIAL INFORMATION
(unaudited, in thousands)

	Three months ended Sept.		Nine months ended Sept.	
	2001	2002	2001	2002
EBITDA	\$23,159	\$25,448	\$72,012	\$76,809
Depreciation	2,303	2,327	6,648	6,731
Amortization	4,504	3,033	14,494	8,842
Capital expenditures	4,049	2,133	12,704	10,561

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