

## CONMED Corporation Announces Record Yearly Sales and Net Income

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**- Net Income Increases 43% For The Year 2002 - - Fourth Quarter 2002 Net Income Increases 14% -**

CONMED Corporation (Nasdaq: CNMD) today announced financial results for the fourth quarter and year ended December 31, 2002.

Joseph J. Corasanti, President and Chief Operating Officer of CONMED, began, "I am pleased to announce CONMED Corporation attained record sales and net income levels for both the fourth quarter and full year of 2002. While we did not meet our original expectations, our results for the fourth quarter and full year 2002 are consistent with the expectations discussed in our preliminary earnings disclosure last month."

Mr. Corasanti continued, "In 2002, we strengthened CONMED's leadership position in its markets and continued to position the Company for future growth. Highlights of our accomplishments include continued new product introductions, strategic acquisitions, expansion of product lines, the development of a strong marketing alliance for our PowerPro(R) battery surgical instruments, and the strengthening of our balance sheet."

### Fourth Quarter Results

Sales for the fourth quarter increased 2% to \$115.3 million from \$113.3 million in the comparable quarter last year. Net income was \$9.2 million, 14% above the \$8.1 million reported in last year's fourth quarter, excluding a \$0.7 million acquisition related charge in the 2001 fourth quarter. Including the charge, the Company reported net income of \$7.7 million, or \$0.30 per diluted share for the fourth quarter of 2001. Earnings per diluted share were \$0.32 in both the fourth quarter of 2002 and 2001, excluding the aforementioned charge in the 2001 fourth 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 and earnings per share to increase \$0.05 for the fourth quarter of 2002.

Fourth quarter sales of the Company's orthopedic products grew to \$69.2 million, a modest increase from the \$68.9 million reported in the fourth quarter a year ago. Arthroscopy sales increased 1% to \$40.8 million from \$40.3 million in the same period last year. Powered instrument sales were \$28.4 million compared to \$28.6 million.

Electrosurgery revenues were \$18.9 million, a 5% increase from the \$18.0 million recorded in the fourth quarter of 2001. Sales of Patient Care Products were \$17.2 million compared to \$17.1 million in the prior year fourth quarter. Endoscopy revenues were \$9.3 million in the fourth quarter of both 2002 and 2001. The Integrated Systems product line, which CONMED gained as a result of the recent acquisitions of ValMed and Nortrex, contributed \$0.7 million of revenues in the fourth quarter of 2002.

Mr. Corasanti commented, "As previously disclosed, flat year over year video systems sales in arthroscopy, due to the timing of sales for this capital equipment, impacted fourth quarter revenues. Several of these delayed transactions have closed or are expected to close in the first quarter 2003, and new video systems transactions have occurred. We continue to believe that our video products will perform well in 2003. "

Mr. Corasanti continued, "With respect to powered instruments, a fourth quarter 19% increase in sales of large bone products, led by PowerPro(R) battery products, was offset by sales declines in the small bone and specialty product groups. To that end, we are pleased to have upgraded our small bone product line. Last week at the American Academy of Orthopedic Surgeons' annual conference, we introduced our new PowerPro(R) Electric II handpieces, which replace three electric models in our current small bone product line. The new product is compact, lightweight, and designed to use all existing PowerPro(R) drilling, reaming, and sawing attachments permitting standardization of battery and electric attachments and components for our hospital customers. Surgical capabilities of the system include small bone, large bone, and ACL procedures. We believe our customers will appreciate the flexibility of our full line of PowerPro(R) battery and the new electric handpieces."

### Year End Results

For the year ended December 31, 2002, CONMED reported revenues of \$453.1 million, a 6% increase from \$428.7 million in 2001. Net income, excluding extraordinary item and unusual charges, was \$36.4 million, up 43% from \$25.4 million last year. Earnings per diluted share before extraordinary item and unusual charges grew 26% to \$1.31 compared to \$1.04 last year. The change for FAS 142 with respect to goodwill accounting caused 2002 net income to increase by \$5.7 million and diluted earnings per share to increase by \$0.20.

By product line, Arthroscopy grew 4% to \$161.9 million compared to \$155.6 million in 2001, Powered Surgical Instruments sales were \$114.3 million in both years, Electrosurgery sales grew 4% to \$69.7 million from \$66.9 million, Patient Care sales increased 1% to \$69.7 million from \$69.1 million, and Endoscopy sales grew to \$36.8 million from \$22.8 million. Organic Endoscopy growth was 7% in 2002, with the remainder of the growth resulting from the Imagyn product line acquisition.

During 2002, the Company had free cash flow of \$31 million (cash from operations less capital expenditures). In addition, net proceeds of equity transactions totaled \$69 million. With these sources, the Company reduced its balance sheet debt by a total of \$79 million, used \$17 million for acquisitions, and increased its cash balance by \$4 million. EBITDA amounted to \$102.5 million for the year, excluding the extraordinary charge.

Mr. Corasanti concluded, "In 2003, we expect revenue growth of approximately 10%, with 6% generated from internal sales increases and 4% generated from the effects of the recent acquisitions of Val Med Corporation, NorTrex Medical Ltd., and Core Dynamics as well as Bionx, which we anticipate closing during the first quarter of 2003. We expect diluted earnings per share for the full year 2003 to grow approximately 15% from 2002 levels, excluding any acquisition related charges. For the first quarter of 2003, we anticipate revenues to range between \$118 and \$121 million and diluted earnings per share to range between \$0.33 and \$0.36 excluding acquisition related charges."

In August 2002, the Company completed the refinancing of its senior credit facilities. Unamortized deferred financing fees associated with the previous credit agreement amounting to \$944,000, net of tax, were written off as an extraordinary item in the third quarter of 2002 due to the early extinguishment of debt. 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 of 2001 and \$1.6 million, or \$0.04 per diluted share, for the full year 2001. Net income including these charges was \$35.4 million, or \$1.27 per diluted share, for 2002 and \$24.4 million, or \$1.00 per diluted share, for 2001.

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 surgical procedures worldwide, endoscopy products such as trocars, clip applicators, scissors, and surgical staplers. The Company offers integrated operating room design and intensive care unit service managers. 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 ten 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)

	Three months ended		Twelve months ended	
	December		December	
	2001	2002	2001	2002
Net sales	\$113,324	\$115,256	\$428,722	\$453,062
Cost of sales	52,722	55,647	202,807	215,891
Selling and administrative	36,780	35,564	140,560	139,735
Research and development	4,167	3,932	14,830	16,087
Unusual items - Note A	681	--	1,567	--
	94,350	95,143	359,764	371,713
Income from operations	18,974	20,113	68,958	81,349
Interest expense, net	7,015	5,765	30,824	24,513
Income before income taxes and extraordinary item	11,959	14,348	38,134	56,836
Provision for income taxes	4,305	5,165	13,728	20,460
Income before extraordinary item	7,654	9,183	24,406	36,376
Extraordinary item, net of income taxes	--	--	--	944
Net income	\$7,654	\$9,183	\$24,406	\$35,432
Per share data:				
Income before extraordinary item				
Basic	\$.30	\$.32	\$1.02	\$1.33
Diluted	.30	.32	1.00	1.31
Extraordinary item				
Basic	--	--	--	.03
Diluted	--	--	--	.04
Net Income				
Basic	.30	\$.32	\$1.02	\$1.30
Diluted	.30	.32	1.00	1.27
Weighted average common shares				
Basic	25,208	28,724	24,045	27,337
Diluted	25,678	29,106	24,401	27,827

Note A - 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 2001	December 2002
Current assets:		

Cash and cash equivalents	\$1,402	\$5,626
Accounts receivable, net	51,188	58,093
Inventories	107,390	120,443
Other current assets	4,569	9,504
Total current assets	164,549	193,666
Property, plant and equipment, net.	91,026	95,608
Goodwill and other assets, net	446,033	452,866
Total assets	\$701,608	\$742,140

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Current portion of long-term debt	\$ 73,429	\$2,631
Accrued interest	4,954	3,794
Other current liabilities	41,454	50,268
Total current liabilities	119,837	56,693
Long-term debt	262,500	254,756
Other long-term liabilities	35,637	42,471
Total liabilities	417,974	353,920
Shareholders' equity:		
Capital accounts	160,591	231,701
Retained earnings	128,240	163,672
Accumulated other comprehensive loss	(5,197)	(7,153)
Total shareholders' equity	283,634	388,220
Total liabilities and shareholders' equity	\$ 701,608	\$742,140

OTHER FINANCIAL INFORMATION  
(unaudited, in thousands)

	Three months ended		Twelve months ended	
	December		December	
	2001	2002	2001	2002
EBITDA	\$ 27,109	\$ 25,689	\$99,121	\$102,498
Depreciation	2,407	2,472	9,055	9,203
Amortization	5,047	3,104	19,541	11,946
Capital expenditures	1,739	2,823	14,443	13,384

SOURCE CONMED Corporation

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