

Utah Medical Products, Inc. (UTMD)

Value Fit 8 / 10

University of Wisconsin—Milwaukee | Lubar College of Business | Investment Management Certificate Program

Analyst:

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Recommendation:

BUY

Philosophy Fit

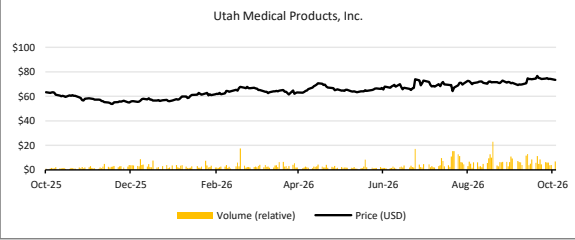
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As of:

10/06/2026

WISCONSIN VALUE FUND LENS — Maximize return by buying improving companies at reasonable valuations.

Performance level — ROIC (FY2026E) vs. ke	30.0% vs 8.3% → Above ke
Change in performance — ΔROIC	-0.2 pts, FY2026E vs FY2025A → Declining
Lifecycle phase	Phase IV — high expectations, declining
Valuation gap — target vs. price	+7.8% → Price below our value



BUSINESS DESCRIPTION

Utah Medical Products, Inc. engages in the manufacturing, developing, and marketing of disposable and reusable medical devices. It focuses on the healthcare of women and babies. The firm's products are used for blood pressure monitoring and blood collection, electrosurgery, gynecology, neonatal critical care, perinatology, and urology. The company was founded on April 21, 1978 and is headquartered in Midvale, UT.

INVESTMENT THESIS

Netflix is executing well as a business, and the negativity from reduced guidance and customer engagement are temporary shocks. Netflix is undervalued given its focus on margins, TAM, and proven tier shift.

MARKET SNAPSHOT

Current Price	\$73.31	Market Cap (\$B)	\$0.2	Beta	0.52
52-Week Range	\$54 – \$77	Inst. Ownership	73.3%	Insider Own.	7.2%
Shares Out. (mm)	3.2	Short Interest (% float)	5.8%	Dividend Yield	1.7%
Consensus L-T Growth	#N/A	Payout Ratio	37.6%	Cost of Equity	8.3%
Price Target	\$79.00	Upside to Target	7.8%	Value Range	\$55 – \$103

VALUATION SUMMARY — equity DCF, FCFE discounted at ke

Method	Value / Share	Upside	Terminal Assumption
Equity DCF — terminal P/E	\$67.07	(8.5%)	20.0x P/E
Equity DCF — terminal P/S	\$89.79	22.5%	8.0x P/S
Equity DCF — terminal P/B	\$102.97	40.5%	3.0x P/B
Equity DCF — constant growth	\$55.22	(24.7%)	2.0% g, 8.3% ke
Average of methods	\$78.76	7.4%	Equal-weighted
Analyst price target	\$79.00	7.8%	Blue = analyst override

PHILOSOPHY FIT — Five pillars · Score: 4 / 5

		Fit?
1. Fundamental improvement & valuation discipline	ΔROIC -0.2 pts; price is 0.93x our average value	No
2. Investing through company cycles	Phase IV; EBIT margin 33.6% → 33.5%	Yes
3. Initial position sizing & risk limits	Initial position sized within fund limits; risk limits set at entry	Yes
4. Capital allocation discipline	Net debt/invested capital -71.2%; net debt/EBIT -6.6x	Yes
5. Identifiable catalysts & conservative underwriting	Three drivers, each with a monitor; equal-weighted FCFE valuation	Yes

VALUE CRITERIA — 10-Point Checklist · Score: 8 / 10

	Pass?
1. Catalyst / Investment Drivers	Yes
Driver 1 — Per Share Compounding from Capital Return	UTMD carries no debt and converts nearly all earning into FCF allowing value per share to grow even with flat sales. This model returns around \$9-10M a year to shareholders through dividends and buybacks. This strategy is allowing share count to shrink and lifts ROE toward 13-15% by 2032 as excess equity is paid out.
Driver 2 — Margin Resilience and Niche Specialty Devices	Selling small volume, often sole-sourced specialty devices (Filshie Clip, neonatal, blood pressure monitoring), gives UTMD pricing power. This was shown in Q12026 when gross margin improved by around 2% even as revenue fell 12.3%.
Driver 3 — Customer Losses and OEM Recovery	Most of the 2026 decline was due to a one-time base reset, rather than erosion of the core business. The absense of sales came from UTMD's two largest customers. Once those losses are fully in the base and the new biopharma OEM products give upside, the business can stabilize.
What does management say?	Management has a plan to replace the sales loss from their two largest customer with new products, mainly sold to other biopharma OEM customers. They expect litigation expenses to decline, and plan to keep returning capital through dividends and share repurchases. Customers were lost due to geopolitical risk (China) and potentially post-COVID inventory pullback.

2. Low P/E Ratio							Yes
	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	
EPS (model)	\$4.58	\$3.96	\$3.48	\$3.28	\$3.32	\$3.50	
P/E at current price	16.0x	18.5x	21.0x	22.3x	22.1x	20.9x	
Peer median P/E (FactSet, subject excl.)	29.6x	FY2026E P/E vs. peer median		(24%)			
3. Low Price / Cash Flow							Yes
FCFE / share	\$5.96	\$4.55	\$3.98	\$3.69	\$3.21	\$3.28	
Price / FCFE	12.3x	16.1x	18.4x	19.9x	22.8x	22.4x	
Peer median P/CF (FactSet, subject excl.)	18.4x	Price / FCFE (today) vs. peer median		(0%)			
4. Low Price / Book Value							Yes
	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	
Book value / share	\$35.36	\$33.52	\$36.81	\$38.38	\$39.61	\$40.69	
Price / Book	2.1x	2.2x	2.0x	1.9x	1.9x	1.8x	
ROE (EOY book)	13.0%	11.8%	9.5%	8.6%	8.4%	8.0%	
Peer median P/B (FactSet, subject excl.)	3.8x	Price / book (today) vs. peer median		(48%)			

Utah Medical Products, Inc. (UTMD) — Value Criteria, continued

5. Financial Soundness							Yes
	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	
Total debt (\$mm)	0	0	0	0	0	0	
Net debt (\$mm)	-93	-83	-85	-91	-93	-94	
Total debt / equity (gross)	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%	
Total debt / assets (gross)	0.3%	0.3%	0.2%	0.2%	0.2%	0.2%	
Net debt / invested capital	-70.7%	-69.5%	-71.2%	-73.8%	-74.4%	-74.8%	
Net debt / EBIT	-5.0x	-5.3x	-6.6x	-7.6x	-7.7x	-7.6x	
Tax rate	20.0%	Book equity (\$mm)	119				
6. Positive Earnings Dynamics							No
	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	
Sales growth	(3.9%)	(18.6%)	(5.8%)	(6.0%)	1.0%	2.0%	
EBIT margin	36.7%	38.5%	33.6%	33.0%	33.0%	33.5%	
EPS growth	1.2%	(13.6%)	(12.1%)	(5.8%)	1.0%	5.6%	
7. Business Strategy & Segment Mix							Yes
Strategy	Seeks out small markets, often sole-source positioning. Runs lean, vertically integrated manufacturing in Utah and Ireland. Nearly all FCF is given to shareholders.						
Segment / geography mix	United States, Ireland, UK, Canada, Australia (International sales 43% of revenue in 2024)						
8. Capable Management & Insider Ownership							Yes
Insider ownership	7.2%	Inst. ownership	73.3%	Buybacks, % of NOPAT (FY1E)		72.8%	
Insider activity / governance	No recent net insider selling; insider ownership is only 7.17%						
9. Valuation — Value Creation (ROIC vs. ke)							No
ROIC (FY1E)	30.0%	Cost of equity (ke)	8.3%	EVA spread (ROIC – ke)		21.8%	
Price target / upside	\$79.00	7.8%		Value / share range (low–high)		\$55 – \$103	
10. Uses of Capital — allocation discipline							Yes
VALUE FIT SCORE — criteria met	8 / 10						

FINANCIAL SUMMARY (\$mm except per share)							
	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	CAGR 2023–2028
Sales	50	41	39	36	37	37	(5.8%)
Gross margin	48.5%	54.0%	51.6%	52.5%	52.0%	52.0%	
EBIT	18	16	13	12	12	12	(7.5%)
Net income	17	14	11	11	10	11	(8.4%)
EPS (basic)	\$4.58	\$3.96	\$3.48	\$3.28	\$3.32	\$3.50	(5.2%)
Dividend / share	\$1.18	\$1.22	\$1.23	\$1.25	\$1.31	\$1.37	
FCFE / share	\$5.96	\$4.55	\$3.98	\$3.69	\$3.21	\$3.28	(11.3%)
Invested capital	131	119	120	124	125	126	(0.7%)
ROIC	40.3%	36.2%	30.2%	30.0%	30.5%	31.7%	
NOPAT margin	30.4%	31.8%	26.9%	26.6%	26.4%	26.8%	
Sales / NWC	5.75x	4.24x	4.08x	4.17x	4.17x	4.17x	
Sales / NFA	1.72x	1.56x	1.55x	1.55x	1.60x	1.65x	
Sales / invested capital (ex cash)	1.32x	1.14x	1.12x	1.13x	1.16x	1.18x	

USES OF CAPITAL — full range, as % of cash generated (NOPAT)							
	FY2023A	FY2024A	FY2025A	FY2026E	FY2027E	FY2028E	Avg 2023–2028
NOPAT before reinvestment (\$mm)	15	13	10	10	10	10	
Uses, as % of NOPAT							
CapEx, R&D & content (Δ NFA)	(31.2%)	(22.9%)	(13.6%)	(15.0%)	(5.2%)	(2.5%)	(15.1%)
Working capital (Δ NWC)	(1.5%)	7.0%	(2.0%)	(7.9%)	0.9%	1.8%	(0.3%)
Dividends	28.0%	32.8%	38.4%	41.6%	42.5%	42.0%	37.6%
Share buybacks	(11.2%)	157.8%	52.7%	31.2%	51.8%	50.0%	55.4%
Debt repaid (neg. = borrowing)	0.3%	0.0%	0.5%	—	—	—	0.1%
Cash & securities build	116.7%	(76.1%)	26.8%	59.2%	17.6%	16.2%	26.7%
Interest & other (residual)	(1.2%)	1.4%	(2.9%)	(9.2%)	(7.6%)	(7.5%)	(4.5%)
Total uses of capital	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Discipline — reinvestment, % of NOPAT	(32.7%)	(15.9%)	(15.6%)	(22.8%)	(4.3%)	(0.7%)	(15.3%)
Dividends + buybacks, % of NOPAT	16.9%	190.6%	91.2%	72.8%	94.3%	92.0%	92.9%

Framework: the full range of capital allocation — CapEx/R&D/brand, dividends, buybacks, cash and debt. Cautious at the top of the cycle; invest for the future at the bottom, without over-levering. Total ties to 100% by construction, with interest and unallocated items in the residual.

COMPS OVERVIEW (current multiples, FactSet)						
Ticker	Company	P/E	P/S	P/B	P/CF	EV/EBIT
TFX	Teleflex Incorporated		2.1x	1.8x	13.6x	27.7x
APYX	Apyx Medical Corporation		2.0x	10.3x		
SYK	Stryker Corporation	29.6x	4.3x	4.6x	19.9x	25.2x
MMSI	Merit Medical Systems, Inc.	35.9x	3.3x	3.1x	18.4x	30.5x
VYCO	Vycor Medical Inc.		1.2x		36.5x	144.8x
EMBC	Embeca Corporation	4.0x	0.3x		2.0x	6.2x
Median	Peer median (subject excluded)	29.6x	2.0x	3.8x	18.4x	27.7x
UTMD	Subject, at current price	21.0x	6.2x	2.0x	18.4x	11.7x
Premium / (discount) to peer median		(29%)	+204%	(48%)	(0%)	(58%)

Peer set from AutoTearSheet-5PageID14:DI9. Median is of peers only and excludes blanks.

KEY RISKS

- Revenue fails to stabilize: UTMD has lost two of its largest customers in two years, and new OEM products haven't replaced them yet. If 2027 does not return to roughly flat growth once losses are fully in the base, fixed manufacturing costs will push margins down.
 - Filshie litigation: Filshie is UTMD's highest revenue driver and UTMD is currently defending product liability suits tied to Filshie Clip and litigation costs rose in 2026. Watch for trial results and any updates.
 - Management: The 77 year old CEO has run capital allocation for over 30 years with no obvious successor. Watch for announcements or changes in management.
- Exit Discipline: Exit if sales are still declining YoY after the losses are fully in. Also exit if operating margin falls below 27% or if dividends are cut.

