Hanger Orthopedic Group, Inc. Announces First Quarter Net Income Increased to $0.19 Per Diluted Share

April 30, 2003

BETHESDA, Md., April 30 /PRNewswire-FirstCall/ -- Hanger Orthopedic Group, Inc. (NYSE: HGR) today announced net income increased to $0.19 per diluted share for the three-month period ended March 31, 2003. Net income increased by $3.9 million and EPS by $0.18 per diluted share compared to the same period last year.

Net sales for the three months ended March 31, 2003 increased by $2.6 million, or 2.1%, to $126.1 million from $123.5 million in the prior year's first quarter. The sales growth was primarily the result of a 1.0% increase in sales in the Company's O&P practices and a 22.2% increase in the sales of the company's distribution segment. Gross profit for the first quarter of 2003 was $65.4 million, or 51.9% of net sales, compared to $64.0 million, or 51.8% of net sales, in the prior year. The improvement in gross profit, in both dollars and as a percentage of net sales, was due to a reduction in material costs. Net income for the first quarter of 2003 was $5.5 million, an improvement of $4.0 million over the comparable period last year. For the first quarter of 2002, Hanger reported net income of $1.5 million.

Net income applicable to common stock for the first quarter of 2003 was $4.1 million, or approximately $0.19 per diluted share, an improvement of $3.9 million over the comparable period last year. For the corresponding period of the prior year, Hanger reported net income applicable to common stock of $0.3 million, or approximately $0.01 per diluted share

Net income comparisons were favorably impacted by the loss on early extinguishment of debt recorded in the first quarter of 2002. In 2002, these expenses were reported as a $2.8 million extraordinary item, net of tax. New reporting requirements no longer allow this extraordinary treatment and require that these losses be reported as non-operating expenses.

Chairman and CEO, Ivan R. Sabel stated, "We are pleased to be able to report continued improvement in earnings. As expected, the weather did have some impact on our patient-care sales growth; however, we continued to grow our earnings. As we move forward, we expect our patient-care sales growth to return to historic rates. As always, I want to thank our employees for all the hard work it took to achieve these results."

Hanger Orthopedic Group, Inc., headquartered in Bethesda, Maryland, is the world's premier provider of orthotic and prosthetic patient-care services. Hanger is the market leader in the United States, owning and operating 589 patient-care centers in 44 states and the District of Columbia, with 3,102 employees including 866 certified practitioners. Hanger is organized into two business segments: patient-care which consists of nationwide orthotic and prosthetic practice centers and distribution which consists of distribution centers managing the supply chain of orthotic and prosthetic componentry to Hanger and third party patient-care centers. In addition, Hanger operates the largest orthotic and prosthetic managed care network in the country.

Certain statements included in this press release are forward looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Please refer to the Company's SEC filings for factors that could cause actual results to differ materially from the Company's expectations.

Hanger Orthopedic Group, Inc.
(In Thousands, Except Share and Per Share Data)

Income Statement:	For the Three Months Ended March 31, 2003	2002
Net sales	$126,128	$123,510
Cost of goods sold	60,690	59,537
Gross profit	65,438	63,973
Selling, general and administrative	44,766	44,777
Depreciation and amortization	2,453	2,784
Income from operations	18,219	16,412
Interest expense, net	9,096	9,079
Loss on early extinguishment of debt	-	4,686
Income before taxes	9,123	2,647
Provision for income taxes	3,645	1,125
Net income	5,478	1,522
Less preferred stock dividends declared and accretion	1,357	1,266
Net income applicable to common stock	$4,121	$256
Diluted Per Share Data:		
Net income applicable to common stock	$0.19	$0.01

Weighted average number of diluted common shares outstanding	21,990,343	21,642,231

Balance Sheet Data:	March 31, 2003	March 31, 2002
Working Capital	$139,582	$137,918
Total Debt	388,429	404,760
Shareholders' Equity	172,167	146,659

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Statistical Data:	For the Three Months Ended March 31, 2003	2002
Patient-Care Centers	589	591
Certified Practitioners	866	864
Number of States (including D.C.)	45	45
Payor Mix		
Private Pay and Other	55.6%	57.1%
Medicare	32.1%	31.2%
Medicaid	9.6%	9.5%
VA	2.7%	2.2%
Percentage of Net Sales from:		
Patient-Care Services	93.6%	94.7%
Distribution	6.4%	5.3%
Operating Margin	14.4%	13.3%

SOURCE Hanger Orthopedic Group, Inc.
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(HGR)

CO: Hanger Orthopedic Group, Inc.
ST: Maryland
IN: HEA MTC
SU: ERN