

Newpark Resources Reports Second Quarter 2019 Results

July 30, 2019

Company reports second quarter cash flow from operating activities of \$32 million; free cash flow of \$30 million

THE WOODLANDS, Texas, July 30, 2019 /PRNewswire/ -- Newpark Resources, Inc. (NYSE: NR) ("Newpark" or the "Company") today announced results for its second quarter ended June 30, 2019. Total revenues for the second quarter of 2019 were \$216.4 million compared to \$211.5 million for the first quarter of 2019 and \$236.3 million for the second quarter of 2018. Net income for the second quarter of 2019 was \$4.3 million, or \$0.05 per diluted share, compared to \$1.3 million, or \$0.01 per diluted share, for the first quarter of 2019, and \$10.8 million, or \$0.12 per diluted share, for the second quarter of 2018.

Paul Howes, Newpark's President and Chief Executive Officer, stated, "Despite continued softness in the U.S. oil and gas market and the impact of Spring break-up in Canada, we are pleased to report that our global Fluids Systems revenues increased by 7% sequentially, to \$173 million. U.S. Fluids revenues improved 14% sequentially, to \$117 million, primarily driven by a \$9 million revenue increase from the deepwater Gulf of Mexico, as our offshore market penetration efforts gain traction. Outside of North America, international Fluids revenues also rebounded nicely, increasing 14% sequentially to \$50 million, driven by improvements across several key markets," added Howes. "Benefiting from the stronger revenues, operating cost efficiencies following our recent international contract transitions, as well as our continuing margin improvement initiatives in our U.S. business, Fluids Systems segment operating income improved sequentially to a 7% segment operating margin in the second quarter.

"In our Mats and Integrated Services segment, the continued slowdown in the U.S. E&P market is serving to further validate our strategic focus on penetrating key non-E&P markets. We are encouraged by the progress we are making in diversifying our business, as we re-allocate assets to support our energy infrastructure market penetration efforts, including the electrical transmission and distribution, and pipeline construction and maintenance sectors. Second quarter segment revenues declined 14% sequentially to \$44 million, primarily reflecting the impact of weakness in E&P customer activity. Meanwhile, heavy rainfalls and flooding in certain areas resulted in delays of scheduled energy infrastructure projects. Segment revenues were further impacted by delays in anticipated international direct mat sales, as deliveries shifted into the third quarter," added Howes. "In the face of the current market challenges, our mats business continues to exhibit operating discipline, delivering a 21% operating margin in the second quarter. Further, our expanding schedule of rental projects in the electrical transmission and distribution market is expected to provide a benefit to the mats business as we progress through the second half of the year and into 2020.

"Meanwhile, our consistent cash flow generation and strong balance sheet continues to differentiate Newpark from many oilfield service companies," added Howes. "During the second quarter, we continued to return excess capital through our share repurchase program, using \$10 million to purchase outstanding shares and increasing our total first half 2019 purchases to two million shares."

Segment Results

The Fluids Systems segment generated revenues of \$172.5 million for the second quarter of 2019 compared to \$160.7 million for the first quarter of 2019 and \$179.7 million for the second quarter of 2018. Segment operating income was \$12.2 million for the second quarter of 2019 compared to \$3.9 million for the first quarter of 2019 and \$13.3 million for the second quarter of 2018.

The Mats and Integrated Services segment generated revenues of \$43.9 million for the second quarter of 2019 compared to \$50.8 million for the first quarter of 2019 and \$56.5 million for the second quarter of 2018. Segment operating income was \$9.3 million for the second quarter of 2019 compared to \$13.5 million for the first quarter of 2019 and \$14.9 million for the second quarter of 2018.

Conference Call

Newpark has scheduled a conference call to discuss second quarter 2019 results and its near-term operational outlook, which will be broadcast live over the Internet, on Wednesday, July 31, 2019 at 10:00 a.m. Eastern Time / 9:00 a.m. Central Time. To participate in the call, dial 412-902-0030 and ask for the Newpark Resources call at least 10 minutes prior to the start time, or access it live over the Internet at www.newpark.com. For those who cannot listen to the live call, a replay will be available through August 14, 2019 and may be accessed by dialing 201-612-7415 and using pass code 13692003#. Also, an archive of the webcast will be available shortly after the call at www.newpark.com for 90 days.

Newpark Resources, Inc. is a worldwide provider of value-added fluids and chemistry solutions in the oilfield, and engineered worksite and access solutions used in various commercial markets. For more information, visit our website at www.newpark.com.

This news release contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995, as amended. All statements other than statements of historical facts are forward-looking statements. Words such as "will," "may," "could," "would," "should," "anticipates," "believes," "estimates," "expects," "plans," "intends," and similar expressions are intended to identify these forward-looking statements but are not the exclusive means of identifying them. These statements are

not guarantees that our expectations will prove to be correct and involve a number of risks, uncertainties, and assumptions. Many factors, including those discussed more fully elsewhere in this release and in documents filed with the Securities and Exchange Commission by Newpark, particularly its Annual Report on Form 10-K for the year ended December 31, 2018, as well as others. could cause actual plans or results to differ materially from those expressed in, or implied by, these statements. These risk factors include, but are not limited to, risks related to the worldwide oil and natural gas industry; our customer concentration and reliance on the U.S. exploration and production market; our international operations; our ability to attract, retain and develop qualified leaders, key employees and skilled personnel; the availability of raw materials; our cost and continued availability of borrowed funds, including noncompliance with debt covenants; operating hazards present in the oil and natural gas industry and substantial liability claims, including catastrophic well incidents; our ability to execute our business strategy and make successful business acquisitions and capital investments; our market competition; our contracts that can be terminated or downsized by our customers without penalty; our product offering expansion; our compliance with legal and regulatory matters, including environmental regulations; our legal compliance; material weaknesses in our internal control over financial reporting; the inherent limitations of insurance coverage; income taxes; the potential impairments of goodwill and long-lived intangible assets; technological developments in our industry; severe weather and seasonality; cybersecurity breaches or business system disruptions; and fluctuations in the market value of our publicly traded securities. We assume no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by securities laws. Newpark's filings with the Securities and Exchange Commission can be obtained at no charge at www.sec.gov, as well as through our website at www.newpark.com.

Contact:Gregg Piontek

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Newpark Resources, Inc. Condensed Consolidated Statements of Operations (Unaudited)

	Three Months Ended					5	Six Mont	hs	Ended	
(In thousands, except per share data)	J	une 30, 2019	M	larch 31, 2019	J	une 30, 2018	J	une 30, 2019	J	une 30, 2018
Revenues	\$2	216,412	\$	211,473	\$2	236,262	\$4	427,885	\$4	463,555
Cost of revenues	1	177,933		174,976	•	188,480	;	352,909	3	374,935
Selling, general and administrative expenses		28,037		30,742		28,708		58,779		55,662
Other operating (income) loss, net		(472)	_	76		(69)	_	(396)	_	(23)
Operating income		10,914		5,679		19,143		16,593		32,981
Foreign currency exchange (gain) loss		990		(1,062)		458		(72)		683
Interest expense, net		3,523		3,656		3,691	_	7,179	_	6,991
Income before income taxes		6,401		3,085		14,994		9,486		25,307
Provision for income taxes	_	2,095	_	1,803	_	4,148	_	3,898	_	7,239
Net income	\$	4,306	\$	1,282	\$	10,846	\$	5,588	\$	18,068
Calculation of EPS:										
Net income - basic and diluted	\$	4,306	\$	1,282	\$	10,846	\$	5,588	\$	18,068
Weighted average common shares outstanding – basic		89,806		90,111		89,703		89,958		89,400
Dilutive effect of stock options and restricted stock award	ls	1,900		2,267		2,823		2,082		2,730
Dilutive effect of 2021 Convertible Notes	_					1,265				636
Weighted average common shares outstanding - diluted		91,706		92,378	_	93,791	_	92,040		92,766
Net income per common share - basic:	\$	0.05	\$	0.01	\$	0.12	\$	0.06	\$	0.20
Net income per common share - diluted:	\$	0.05	\$	0.01	\$	0.12	\$	0.06	\$	0.19

Newpark Resources, Inc. Operating Segment Results (Unaudited)

	Thre	e Months E	Six Months Ended			
(In thousands)	June 30, 2019	March 31, 2019	June 30, 2018	June 30, 2019	June 30, 2018	
Revenues						
Fluids systems	\$172,544	\$160,653	\$179,738	\$333,197	\$357,117	
Mats and integrated services_	43,868	50,820	56,524	94,688	106,438	
Total revenues	\$216,412	\$211,473	\$236,262	\$427,885	\$463,555	
Mats and integrated services	\$ 12,184 9,276	\$ 3,874 13,538	\$ 13,327 14,853	\$ 16,058 22,814	\$ 23,804 26,939	
Corporate office Total operating income	(10,546)	(11,733) \$ 5,679	(9,037) \$ 19,143	(22,279) \$ 16,593	(17,762) \$ 32,981	
Segment operating margin Fluids systems	7.1%	2.4%	7.4%	4.8%	6.7%	
Mats and integrated services	21.1%					

⁽¹⁾Corporate office and Fluids Systems operating income (loss) for the three months ended March 31, 2019 includes charges of \$3.4 million and \$1.1 million, respectively, related to the modification of the Company's retirement policy and severance costs.

Newpark Resources, Inc. Condensed Consolidated Balance Sheets (Unaudited)

ASSETS \$ 49,035 \$ 6,118 Cash and cash equivalents 249,197 254,348 Receivables, net 249,197 254,348 Inventories 193,464 196,896 Prepaid expenses and other current assets 23,671 15,904 Total current assets 515,367 523,312 Property, plant and equipment, net 316,293 27,765 — Goodwill 43,889 43,832 25,160 26,000 26,000 26,000 27,005 27,105 — — Goodwill 43,832 45,160 26,000 26,000 26,000 26,000 27,000<	(In thousands, except share data)	June 30, 2019	D	ecember 31, 2018
Receivables, net Inventories 249,197 254,394 Inventories 193,464 196,896 Prepaid expenses and other current assets 515,367 523,312 Property, plant and equipment, net 316,597 523,312 Property, plant and equipment, net 27,365 — Goodwill 43,889 43,889 Other intangible assets, net 22,265 525,160 Deferred tax assets 4,632 4,516 Other assets 3,363 2,741 Total assets 893,498 \$915,854 LABILITIES AND STOCKHOLDERS' EQUITY *** *** Current debt 5,657 2,522 Accounts payable 90,307 90,607 Accourably liabilities 42,205 48,797 Total current labilities 144,221 141,926 Long-term debt, less current portion 156,655 159,225 Noncurrent operating lease liabilities 21,850 — Other noncurrent liabilities 36,363 37,486 Other noncurrent liabilities 1,067	ASSETS			
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Other intangible assets, net 23,285 25,160 Deferred tax assets 4,632 4,516 Other assets 3,363 2,741 Total assets \$934,498 \$915,854 LIABILITIES AND STOCKHOLDERS' EQUITY Current debt \$5,657 \$2,522 Accounts payable 96,359 90,607 Accrued liabilities 42,205 48,797 Total current liabilities 144,221 141,926 Long-term debt, less current portion 156,655 159,225 Noncurrent operating lease liabilities 21,850 — Deferred tax liabilities 36,936 37,486 Other noncurrent liabilities 8,707 7,536 Total liabilities 8,707 7,536 Total liabilities 368,369 346,173 Common stock, \$0.01 par value (200,000,000 shares authorized and 106,696,719 and 106,362,991 shares issued, respectively) 1,067 1,064 Paick-in capital 618,626 617,276 67,873 67,673 Accumulated other comprehensive loss (67,873) 67,673	Operating lease assets	27,365		_
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Accumulated other comprehensive loss (67,873) (67,673) Retained earnings 153,395 148,802 Treasury stock, at cost (16,858,005 and 15,530,952 shares, respectively) (139,086) (129,788) Total stockholders' equity 566,122 569,081	• • • • • • • • • • • • • • • • • • • •	,		,
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Total stockholders' equity <u>566,129</u> <u>569,681</u>	· · · · · · · · · · · · · · · · · · ·	•		
	Total liabilities and stockholders' equity		\$	915,854

Newpark Resources, Inc. Condensed Consolidated Statements of Cash Flows (Unaudited)

Cash flows from operating activities: Net income \$ 5,588 \$ 18,068 Adjustments to reconcile net income to net cash provided by operations: Depreciation and amortization 23,070 22,755 Stock-based compensation expense 6,874 4,848 Provision for deferred income taxes (1,514) 243 Net provision for doubtful accounts 789 1,229 Gain on sale of assets (5,128) (371) Amortization of original issue discount and debt issuance costs 2,973 2,643 Change in assets and liabilities: (10,012) 2,973 2,643 Change in assets and inventories 6,583 (1,185) (1,185) (Increase) decrease in inventories 3,868 (21,458) (1,185) (Increase) decrease in accounts payable 6,207 6,659 (1,055) (1,012) (9,326) (1,065) (1,057) (1,052) (1,058) (1,058) (2,458) (2,366) (24,458) (24,458) (24,458) (24,458) (24,458) (24,458) (24,458) (25,768)		Six Months Ended Ju			
Net income \$ 5,588 \$ 18,068 Adjustments to reconcile net income to net cash provided by operations: 23,070 22,755 Depreciation and amortization 23,070 22,755 Stock-based compensation expense 6,874 4,848 Provision for deferred income taxes (1,514) 243 Net provision for doubtful accounts 789 1,229 Gain on sale of assets (5,128) (371) Amortization of original issue discount and debt issuance costs 2,973 2,643 Change in assets and liabilities: (Increase) decrease in receivables 6,583 (1,185) (Increase) decrease in inventories 3,868 (21,459) Increase in accrued ininventories 3,868 (21,459) Increase in accrued liabilities and other (10,012) (9,326) Net cash provided by operating activities 34,240 20,687 Cash flows from investing activities: (23,866) (24,458) Capital expenditures (23,866) (24,458) Proceeds from sale of property, plant and equipment 5,708 920 Refund of proceeds fro	(In thousands)				
Adjustments to reconcile net income to net cash provided by operations: Depreciation and amortization 23,070 22,755 Stock-based compensation expense 6,874 4,848 Provision for deferred income taxes (1,514) 243 Net provision for doubtful accounts 789 1,229 Gain on sale of assets (5,128) (371) Amortization of original issue discount and debt issuance costs 2,973 2,643 Change in assets and liabilities: (Increase) decrease in receivables 6,583 (1,185) (Increase) decrease in receivables (5,058) (3,417) Increase in accounts payable 6,207 6,659 Decrease in accrued liabilities and other (10,012) (9,326) Net cash provided by operating activities Capital expenditures Capital expenditures Capital expenditures Capital expenditures Refund of proceeds from sale of a business 9,708 Business acquisitions, net of cash acquired 9,761 Net cash used in investing activities: Cash flows from financing activities Cash flows from employee stock plans 1,090 2,758 2,515 Net cash provided by (used in) financing activities Effect of exchange rate changes on cash Net increase (decrease) in cash, cash equivalents, and restricted cash Cash, cash equivalents, and restricted cash at beginning of period 64,266 65,460	Cash flows from operating activities:				
Depreciation and amortization 23,070 22,755 Stock-based compensation expense 6,874 4,848 Provision for deferred income taxes (1,514) 243 Net provision for doubtful accounts 789 1,229 Gain on sale of assets (5,128) (371) Amortization of original issue discount and debt issuance costs 2,973 2,643 Change in assets and liabilities: (Increase) decrease in receivables 6,583 (1,185) (Increase) decrease in receivables 6,583 (1,185) (Increase) decrease in inventories 3,868 (21,459) Increase in accounts payable 6,207 6,659 Decrease in accrued liabilities and other (10,012) (9,326) Net cash provided by operating activities 20,687 Cash flows from investing activities: 223,866 (24,458) Proceeds from sale of property, plant and equipment 5,708 920 Refund of proceeds from sale of a business — (13,974) Business acquisitions, net of cash acquired — (249) Net cash lows from financing activities: (129)	Net income	\$	5,588	\$	18,068
Stock-based compensation expense 6,874 4,848 Provision for deferred income taxes (1,514) 243 Net provision for doubtful accounts 789 1,229 Gain on sale of assets (5,128) (371) Amortization of original issue discount and debt issuance costs 2,973 2,643 Change in assets and liabilities: (Increase) decrease in receivables 6,583 (1,185) (Increase) decrease in receivables 6,583 (21,459) Increase in other assets (5,058) (3,417) Increase in accrued liabilities and other (10,012) (9,326) Net cash provided by operating activities 34,240 20,687 Cash flows from investing activities: (23,866) (24,458) Proceeds from sale of property, plant and equipment 5,708 920 Refund of proceeds from sale of a business — (13,974) Business acquisitions, net of cash acquired — (249) Net cash used in investing activities: — (249) Cash flows from financing activities: — (249) Proceeds from sale of credit (13,155) (3,761)	Adjustments to reconcile net income to net cash provided by operations	:			
Provision for deferred income taxes (1,514) 243 Net provision for doubtful accounts 789 1,229 Gain on sale of assets (5,128) (371) Amortization of original issue discount and debt issuance costs 2,973 2,643 Change in assets and liabilities: (Increase) decrease in receivables 6,583 (1,185) (Increase) decrease in inventories 3,868 (21,459) Increase in accounts payable 6,207 6,659 Decrease in accrued liabilities and other (10,012) (9,326) Net cash provided by operating activities 34,240 20,687 Cash flows from investing activities: (23,866) (24,458) Proceeds from sale of property, plant and equipment 5,708 920 Refund of proceeds from sale of a business — (13,974) Business acquisitions, net of cash acquired — (249) Net cash used in investing activities: — (249) Cash flows from financing activities: Borrowings on lines of credit (11,317) (171,796) Cash flows from financing activities: (12,316) (3,074) (3,074) <tr< td=""><td>Depreciation and amortization</td><td></td><td>23,070</td><td></td><td>22,755</td></tr<>	Depreciation and amortization		23,070		22,755
Net provision for doubtful accounts 789 1,229 Gain on sale of assets (5,128) (371) Amortization of original issue discount and debt issuance costs 2,973 2,643 Change in assets and liabilities: (Increase) decrease in receivables 6,583 (1,185) (Increase) decrease in receivables 3,868 (21,459) Increase in other assets (5,058) (3,417) Increase in accounts payable 6,207 6,659 Decrease in accrued liabilities and other (10,012) (9,326) Net cash provided by operating activities 34,240 20,687 Cash flows from investing activities: (23,866) (24,458) Cash flows from investing activities: (23,866) (24,458) Proceeds from sale of property, plant and equipment 5,708 920 Refund of proceeds from sale of a business — (13,974) Business acquisitions, net of cash acquired — (249) Net cash used in investing activities (18,158) (37,761) Cash flows from financing activities 135,952 203,716 Payments	Stock-based compensation expense		6,874		4,848
Gain on sale of assets (5,128) (371) Amortization of original issue discount and debt issuance costs 2,973 2,643 Change in assets and liabilities: (1,185) (1,185) (Increase) decrease in receivables 6,583 (1,185) (Increase) decrease in inventories 3,868 (21,459) Increase in accounts payable 6,207 6,659 Decrease in accrued liabilities and other (10,012) (9,326) Net cash provided by operating activities 34,240 20,687 Cash flows from investing activities: (23,866) (24,458) Capital expenditures (23,866) (24,458) Proceeds from sale of property, plant and equipment 5,708 920 Refund of proceeds from sale of a business — (13,974) Business acquisitions, net of cash acquired — (249) Net cash used in investing activities (18,158) (37,761) Cash flows from financing activities (18,158) (37,761) Cash flows from financing activities (141,317) (171,796) Debt issuance costs (917) (111) <tr< td=""><td>Provision for deferred income taxes</td><td></td><td>(1,514)</td><td></td><td>243</td></tr<>	Provision for deferred income taxes		(1,514)		243
Amortization of original issue discount and debt issuance costs 2,973 2,643 Change in assets and liabilities: (Increase) decrease in receivables 6,583 (1,185) (Increase) decrease in inventories 3,868 (21,459) Increase in other assets (5,058) (3,417) Increase in accounts payable 6,207 6,659 Decrease in accrued liabilities and other (10,012) (9,326) Net cash provided by operating activities 34,240 20,687 Cash flows from investing activities: (23,866) (24,458) Proceeds from sale of property, plant and equipment 5,708 920 Refund of proceeds from sale of a business — (13,974) Business acquisitions, net of cash acquired — (249) Net cash used in investing activities: (18,158) (37,761) Cash flows from financing activities: (18,158) (37,761) Cash flows from financing activities: (18,158) (37,761) Cash flows from employee stock plans 1,090 3,700 Purchases of treasury stock (17,365) (3,074) Other financing activities 2,758 2,515	Net provision for doubtful accounts		789		1,229
Change in assets and liabilities: (Increase) decrease in receivables 6,583 (1,185) (Increase) decrease in inventories 3,868 (21,459) Increase in other assets (5,058) (3,417) Increase in accounts payable 6,207 6,659 Decrease in accrued liabilities and other (10,012) (9,326) Net cash provided by operating activities 34,240 20,687 Cash flows from investing activities: (23,866) (24,458) Proceeds from sale of property, plant and equipment 5,708 920 Refund of proceeds from sale of a business — (13,974) Business acquisitions, net of cash acquired — (249) Net cash used in investing activities (18,158) (37,761) Cash flows from financing activities: 203,716 Borrowings on lines of credit (141,317) (171,796) Debt issuance costs (917) (11) Proceeds from employee stock plans 1,090 3,700 Purchases of treasury stock (17,365) (3,074) Other financing activities 2,758 2,515 <td< td=""><td>Gain on sale of assets</td><td></td><td>(5,128)</td><td></td><td>(371)</td></td<>	Gain on sale of assets		(5,128)		(371)
(Increase) decrease in receivables 6,583 (1,185) (Increase) decrease in inventories 3,868 (21,459) Increase in other assets (5,058) (3,417) Increase in accounts payable 6,207 6,659 Decrease in accrued liabilities and other (10,012) (9,326) Net cash provided by operating activities 34,240 20,687 Cash flows from investing activities: (23,866) (24,458) Capital expenditures (23,866) (24,458) Proceeds from sale of property, plant and equipment 5,708 920 Refund of proceeds from sale of a business — (13,974) Business acquisitions, net of cash acquired — (249) Net cash used in investing activities (18,158) (37,761) Cash flows from financing activities: 35,952 203,716 Payments on lines of credit (141,317) (171,796) Debt issuance costs (917) (11) Proceeds from employee stock plans 1,090 3,700 Purchases of treasury stock (17,365) (3,074)	Amortization of original issue discount and debt issuance costs		2,973		2,643
(Increase) decrease in inventories 3,868 (21,459) Increase in other assets (5,058) (3,417) Increase in accounts payable 6,207 6,659 Decrease in accrued liabilities and other (10,012) (9,326) Net cash provided by operating activities 34,240 20,687 Cash flows from investing activities: (23,866) (24,458) Capital expenditures (23,866) (24,458) Proceeds from sale of property, plant and equipment 5,708 920 Refund of proceeds from sale of a business — (13,974) Business acquisitions, net of cash acquired — (249) Net cash used in investing activities (18,158) (37,761) Cash flows from financing activities: 135,952 203,716 Payments on lines of credit (141,317) (171,796) Debt issuance costs (917) (11) Proceeds from employee stock plans 1,090 3,700 Proceeds from employee stock plans 1,090 3,700 Purchases of treasury stock (17,365) (3,074)	Change in assets and liabilities:				
Increase in other assets (5,058) (3,417) Increase in accounts payable 6,207 6,659 Decrease in accrued liabilities and other (10,012) (9,326) Net cash provided by operating activities 34,240 20,687 Cash flows from investing activities: Capital expenditures (23,866) (24,458) Proceeds from sale of property, plant and equipment 5,708 920 Refund of proceeds from sale of a business - (13,974) Business acquisitions, net of cash acquired - (249) Net cash used in investing activities (18,158) (37,761) Cash flows from financing activities: Borrowings on lines of credit 135,952 203,716 Payments on lines of credit (141,317) (171,796) Debt issuance costs (917) (11) Proceeds from employee stock plans 1,090 3,700 Proceeds from employee stock plans 1,090 3,700 Other financing activities (17,365) (3,074) Other financing activities (17,365) (3,074) Other financing activities (19,799) 35,050 Effect of exchange rate changes on cash (125) (2,926) Net increase (decrease) in cash, cash equivalents, and restricted cash (3,842) 15,050 Cash, cash equivalents, and restricted cash at beginning of period 64,266 65,460	(Increase) decrease in receivables		6,583		(1,185)
Increase in accounts payable	(Increase) decrease in inventories		3,868		(21,459)
Decrease in accrued liabilities and other (10,012) (9,326) Net cash provided by operating activities 34,240 20,687 Cash flows from investing activities: 20,687 Capital expenditures (23,866) (24,458) Proceeds from sale of property, plant and equipment 5,708 920 Refund of proceeds from sale of a business — (13,974) Business acquisitions, net of cash acquired — (249) Net cash used in investing activities (18,158) (37,761) Cash flows from financing activities: Section of credit (141,317) (171,796) Payments on lines of credit (141,317) (171,796) (171,796) Debt issuance costs (917) (11) (11) (171,796) (17,365) (3,074) Obet issuance costs (917) (11) (17,365) (3,074) (17,365) (3,074) Other financing activities (17,365) (3,074) (3,074) (17,365) (3,074) Other financing activities (19,799) 35,050 (19,799) 35,050 Effect of exchange rate ch	Increase in other assets		(5,058)		(3,417)
Cash flows from investing activities: (23,866) (24,458) Proceeds from sale of property, plant and equipment 5,708 920 Refund of proceeds from sale of a business — (13,974) Business acquisitions, net of cash acquired — (249) Net cash used in investing activities (18,158) (37,761) Cash flows from financing activities: — (249) Borrowings on lines of credit 135,952 203,716 Payments on lines of credit (141,317) (171,796) Debt issuance costs (917) (11) Proceeds from employee stock plans 1,090 3,700 Purchases of treasury stock (17,365) (3,074) Other financing activities 2,758 2,515 Net cash provided by (used in) financing activities (19,799) 35,050 Effect of exchange rate changes on cash (125) (2,926) Net increase (decrease) in cash, cash equivalents, and restricted cash (3,842) 15,050 Cash, cash equivalents, and restricted cash at beginning of period 64,266 65,460	Increase in accounts payable		6,207		6,659
Cash flows from investing activities: (23,866) (24,458) Proceeds from sale of property, plant and equipment 5,708 920 Refund of proceeds from sale of a business — (13,974) Business acquisitions, net of cash acquired — (249) Net cash used in investing activities (18,158) (37,761) Cash flows from financing activities: — (249) Borrowings on lines of credit 135,952 203,716 Payments on lines of credit (141,317) (171,796) Debt issuance costs (917) (11) Proceeds from employee stock plans 1,090 3,700 Purchases of treasury stock (17,365) (3,074) Other financing activities 2,758 2,515 Net cash provided by (used in) financing activities (19,799) 35,050 Effect of exchange rate changes on cash (125) (2,926) Net increase (decrease) in cash, cash equivalents, and restricted cash (3,842) 15,050 Cash, cash equivalents, and restricted cash at beginning of period 64,266 65,460	Decrease in accrued liabilities and other		(10,012)		(9,326)
Capital expenditures (23,866) (24,458) Proceeds from sale of property, plant and equipment 5,708 920 Refund of proceeds from sale of a business — (13,974) Business acquisitions, net of cash acquired — (249) Net cash used in investing activities (18,158) (37,761) Cash flows from financing activities: Secretary 203,716 Borrowings on lines of credit (141,317) (171,796) Payments on lines of credit (141,317) (171,796) Debt issuance costs (917) (11) Proceeds from employee stock plans 1,090 3,700 Purchases of treasury stock (17,365) (3,074) Other financing activities 2,758 2,515 Net cash provided by (used in) financing activities (19,799) 35,050 Effect of exchange rate changes on cash (125) (2,926) Net increase (decrease) in cash, cash equivalents, and restricted cash (3,842) 15,050 Cash, cash equivalents, and restricted cash at beginning of period 64,266 65,460	Net cash provided by operating activities				20,687
Proceeds from sale of property, plant and equipment 5,708 920 Refund of proceeds from sale of a business — (13,974) Business acquisitions, net of cash acquired — (249) Net cash used in investing activities (18,158) (37,761) Cash flows from financing activities: 135,952 203,716 Payments on lines of credit (141,317) (171,796) Payments on lines of credit (917) (11) Proceeds from employee stock plans 1,090 3,700 Purchases of treasury stock (17,365) (3,074) Other financing activities 2,758 2,515 Net cash provided by (used in) financing activities (19,799) 35,050 Effect of exchange rate changes on cash (125) (2,926) Net increase (decrease) in cash, cash equivalents, and restricted cash (3,842) 15,050 Cash, cash equivalents, and restricted cash at beginning of period 64,266 65,460	Cash flows from investing activities:				
Refund of proceeds from sale of a business — (13,974) Business acquisitions, net of cash acquired — (249) Net cash used in investing activities (18,158) (37,761) Cash flows from financing activities: 315,952 203,716 Borrowings on lines of credit (141,317) (171,796) Payments on lines of credit (917) (11) Proceeds from employee stock plans 1,090 3,700 Purchases of treasury stock (17,365) (3,074) Other financing activities 2,758 2,515 Net cash provided by (used in) financing activities (19,799) 35,050 Effect of exchange rate changes on cash (125) (2,926) Net increase (decrease) in cash, cash equivalents, and restricted cash (3,842) 15,050 Cash, cash equivalents, and restricted cash at beginning of period 64,266 65,460	Capital expenditures		(23,866)		(24,458)
Business acquisitions, net of cash acquired — (249) Net cash used in investing activities (18,158) (37,761) Cash flows from financing activities: Secondary of the payments on lines of credit 135,952 203,716 Payments on lines of credit (141,317) (171,796) Debt issuance costs (917) (11) Proceeds from employee stock plans 1,090 3,700 Purchases of treasury stock (17,365) (3,074) Other financing activities 2,758 2,515 Net cash provided by (used in) financing activities (19,799) 35,050 Effect of exchange rate changes on cash (125) (2,926) Net increase (decrease) in cash, cash equivalents, and restricted cash (3,842) 15,050 Cash, cash equivalents, and restricted cash at beginning of period 64,266 65,460	Proceeds from sale of property, plant and equipment		5,708		920
Net cash used in investing activities (18,158) (37,761) Cash flows from financing activities: 35,952 203,716 Borrowings on lines of credit (141,317) (171,796) Payments on lines of credit (917) (11) Debt issuance costs (917) (11) Proceeds from employee stock plans 1,090 3,700 Purchases of treasury stock (17,365) (3,074) Other financing activities 2,758 2,515 Net cash provided by (used in) financing activities (19,799) 35,050 Effect of exchange rate changes on cash (125) (2,926) Net increase (decrease) in cash, cash equivalents, and restricted cash (3,842) 15,050 Cash, cash equivalents, and restricted cash at beginning of period 64,266 65,460	Refund of proceeds from sale of a business		_		(13,974)
Cash flows from financing activities: Borrowings on lines of credit 135,952 203,716 Payments on lines of credit (141,317) (171,796) Debt issuance costs (917) (11) Proceeds from employee stock plans 1,090 3,700 Purchases of treasury stock (17,365) (3,074) Other financing activities 2,758 2,515 Net cash provided by (used in) financing activities (19,799) 35,050 Effect of exchange rate changes on cash (125) (2,926) Net increase (decrease) in cash, cash equivalents, and restricted cash (3,842) 15,050 Cash, cash equivalents, and restricted cash at beginning of period 64,266 65,460	Business acquisitions, net of cash acquired				(249)
Borrowings on lines of credit 135,952 203,716 Payments on lines of credit (141,317) (171,796) Debt issuance costs (917) (11) Proceeds from employee stock plans 1,090 3,700 Purchases of treasury stock (17,365) (3,074) Other financing activities 2,758 2,515 Net cash provided by (used in) financing activities (19,799) 35,050 Effect of exchange rate changes on cash (125) (2,926) Net increase (decrease) in cash, cash equivalents, and restricted cash (3,842) 15,050 Cash, cash equivalents, and restricted cash at beginning of period 64,266 65,460	Net cash used in investing activities		(18,158)		(37,761)
Payments on lines of credit (141,317) (171,796) Debt issuance costs (917) (11) Proceeds from employee stock plans 1,090 3,700 Purchases of treasury stock (17,365) (3,074) Other financing activities 2,758 2,515 Net cash provided by (used in) financing activities (19,799) 35,050 Effect of exchange rate changes on cash (125) (2,926) Net increase (decrease) in cash, cash equivalents, and restricted cash (3,842) 15,050 Cash, cash equivalents, and restricted cash at beginning of period 64,266 65,460	Cash flows from financing activities:				
Debt issuance costs (917) (11) Proceeds from employee stock plans 1,090 3,700 Purchases of treasury stock (17,365) (3,074) Other financing activities 2,758 2,515 Net cash provided by (used in) financing activities (19,799) 35,050 Effect of exchange rate changes on cash (125) (2,926) Net increase (decrease) in cash, cash equivalents, and restricted cash (3,842) 15,050 Cash, cash equivalents, and restricted cash at beginning of period 64,266 65,460	Borrowings on lines of credit		135,952		203,716
Proceeds from employee stock plans 1,090 3,700 Purchases of treasury stock (17,365) (3,074) Other financing activities 2,758 2,515 Net cash provided by (used in) financing activities (19,799) 35,050 Effect of exchange rate changes on cash (125) (2,926) Net increase (decrease) in cash, cash equivalents, and restricted cash (3,842) 15,050 Cash, cash equivalents, and restricted cash at beginning of period 64,266 65,460	Payments on lines of credit		(141,317)		(171,796)
Purchases of treasury stock (17,365) (3,074) Other financing activities 2,758 2,515 Net cash provided by (used in) financing activities (19,799) 35,050 Effect of exchange rate changes on cash (125) (2,926) Net increase (decrease) in cash, cash equivalents, and restricted cash (3,842) 15,050 Cash, cash equivalents, and restricted cash at beginning of period 64,266 65,460	Debt issuance costs		(917)		(11)
Other financing activities 2,758 2,515 Net cash provided by (used in) financing activities (19,799) 35,050 Effect of exchange rate changes on cash (125) (2,926) Net increase (decrease) in cash, cash equivalents, and restricted cash (3,842) 15,050 Cash, cash equivalents, and restricted cash at beginning of period 64,266 65,460	Proceeds from employee stock plans		1,090		3,700
Net cash provided by (used in) financing activities (19,799) 35,050 Effect of exchange rate changes on cash (125) (2,926) Net increase (decrease) in cash, cash equivalents, and restricted cash cash equivalents, and restricted cash at beginning of period (3,842) 15,050 Cash, cash equivalents, and restricted cash at beginning of period 64,266 65,460	Purchases of treasury stock		(17,365)		(3,074)
Effect of exchange rate changes on cash (125) (2,926) Net increase (decrease) in cash, cash equivalents, and restricted cash Cash, cash equivalents, and restricted cash at beginning of period 64,266 65,460	Other financing activities		2,758		2,515
Net increase (decrease) in cash, cash equivalents, and restricted cash Cash, cash equivalents, and restricted cash at beginning of period (3,842) 65,460 65,460	Net cash provided by (used in) financing activities		(19,799)		35,050
Cash, cash equivalents, and restricted cash at beginning of period 64,266 65,460	Effect of exchange rate changes on cash	_	(125)	_	(2,926)
	Net increase (decrease) in cash, cash equivalents, and restricted cash		(3,842)		15,050
Cash, cash equivalents, and restricted cash at end of period \$ 60,424 \$ 80.510	Cash, cash equivalents, and restricted cash at beginning of period		64,266		65,460
	Cash, cash equivalents, and restricted cash at end of period	\$	60,424	\$	80,510

Newpark Resources, Inc. Non-GAAP Reconciliations (Unaudited)

To help understand the Company's financial performance, the Company has supplemented its financial results that it provides in accordance with generally accepted accounting principles ("GAAP") with non-GAAP financial measures. Such financial measures include earnings before interest, taxes, depreciation and amortization ("EBITDA"), EBITDA Margin, Free Cash Flow, Net Debt, and the Ratio of Net Debt to Capital.

We believe these non-GAAP financial measures are frequently used by investors, securities analysts and other parties in the evaluation of our performance and liquidity with that of other companies in our industry. Management uses these measures to evaluate our operating performance, liquidity and capital structure. In addition, our incentive compensation plan measures performance based on our consolidated EBITDA, along with other factors. The methods we use to produce these non-GAAP financial measures may differ from methods used by other companies. These measures should be considered in addition to, not as a substitute for, financial measures prepared in accordance with GAAP.

EBITDA and EBITDA Margin

The following tables reconcile the Company's net income calculated in accordance with GAAP to the non-GAAP financial measure of the Company's EBITDA:

Consolidated	Three Months Ended				Six Months Ended			
	June 30,	Ma	arch 31,	June 30,	Jı	une 30,	June 30,	
(In thousands)	2019		2019	2018		2019	2018	
Net income (GAAP) (1)	\$ 4,306	\$	1,282	\$10,846	\$	5,588	\$18,068	
Interest expense, net	3,523		3,656	3,691		7,179	6,991	
Provision for income taxes	2,095		1,803	4,148		3,898	7,239	
Depreciation and amortization	n <u>11,632</u>	_	11,438	11,484		23,070	22,755	
EBITDA (non-GAAP) ⁽¹⁾	\$21,556	\$	18,179	\$30,169	\$:	39,735	\$55,053	

(1)Net income and EBITDA for the three months ended March 31, 2019 include \$4.0 million of pre-tax charges associated with the modification of the Company's retirement policy and \$0.5 million related to severance costs.

Fluids Systems	Three	e Months E	nded	Six Months Ende			
(In thousands)	June 30, 2019	March 31, 2019	June 30, 2018	June 30, 2019	June 30, 2018		
1		2019	2010	2019	2010		
Operating income (GAAP) (1)	\$12,184	\$ 3,874	\$13,327	\$16,058	\$23,804		
Depreciation and amortization	5,201	5,076	5,317	10,277	10,607		
EBITDA (non-GAAP) ⁽¹⁾	17,385	8,950	18,644	26,335	34,411		
Revenues	172,544	160,653	179,738	333,197	357,117		
Operating Margin (GAAP)	7.1%	2.4%	7.4%	4.8%	6.7%		
EBITDA Margin (non-GAAP)	10.1%	5.6%	10.4%	7.9%	9.6%		

(1)Operating income and EBITDA for the three months ended March 31, 2019 include \$1.1 million of pre-tax charges associated with the modification of the Company's retirement policy and severance costs.

Newpark Resources, Inc. Non-GAAP Reconciliations (Continued) (Unaudited)

Mats and Integrated Services	s Thre	e Months I	Six Months Ended			
	June 30,	March 31,	June 30,	June 30,	June 30,	
(In thousands)	2019	2019	2018	2019	2018	
Operating income (GAAP)	\$9,276	\$13,538	\$14,853	\$22,814	\$26,939	
Depreciation and amortization	5,409	5,365	5,248	10,774	10,361	
EBITDA (non-GAAP)	14,685	18,903	20,101	33,588	37,300	
Revenues	43,868	50,820	56,524	94,688	106,438	
Operating Margin (GAAP)	21.1%	26.6%	26.3%	24.1%	25.3%	
EBITDA Margin (non-GAAP)	33.5%	37.2%	35.6%	35.5%	35.0%	

Free Cash Flow

The following table reconciles the Company's net cash provided by operating activities calculated in accordance with GAAP to the non-GAAP financial measure of the Company's free cash flow:

Consolidated	Thre	e Months E	Six Months Ended			
	June 30,	March 31,	June 30,	June 30,	June 30,	
(In thousands)	2019	2019	2018	2019	2018	
Net cash provided by operating activities (GAAF)\$31,971	\$ 2,269	\$20,554	\$34,240	\$20,687	
Capital expenditures	(6,399)	(17,467)	(13,762)	(23,866)	(24,458)	
Proceeds from sale of property, plant and equipmen	t <u>3,937</u>	1,771	345	5,708	920	
Free Cash Flow (non-GAAP)	\$29,509	\$(13,427)	\$ 7,137	\$16,082	\$(2,851)	

Ratio of Net Debt to Capital

The following table reconciles the Company's ratio of total debt to capital calculated in accordance with GAAP to the non-GAAP financial measure of the Company's ratio of net debt to capital:

(In thousands)	June 30, 2019	De	cember 31, 2018
Current debt	\$ 5,657	\$	2,522
Long-term debt, less current portio	n <u>156,655</u>		159,225
Total Debt	162,312		161,747
Total stockholders' equity	566,129		569,681
Total Capital	\$728,441	\$	731,428
Ratio of Total Debt to Capital	22.3%		22.1%
Total Debt	\$162,312	\$	161,747
Less: cash and cash equivalents	(49,035)		(56,118)
Net Debt	113,277		105,629
Total stockholders' equity	566,129		569,681
Total Capital, Net of Cash	\$679,406	\$	675,310
Ratio of Net Debt to Capital	16.7%		15.6%

SOURCE Newpark Resources, Inc.

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