



Newpark Resources Reports Fiscal 2000 Return To Profitability; Revenue Increases 42

March 6, 2001

METAIRIE, La., March 6 /PRNewswire/ -- Newpark Resources, Inc. (NYSE: NR) today reported that it earned \$4.0 million, or \$.06 per diluted share, on revenues of \$80.1 million in the fourth quarter of 2000. This compares to a loss of \$4.3 million, or \$.06 per diluted share before unusual items, on revenues of \$54 million in the same quarter of 1999. Reported 1999 fourth quarter results included special charges totaling \$53.5 million (\$.77 per diluted share, net of taxes) resulting in a net loss of \$57.8 million, equal to \$.84 per diluted share.

For the year 2000, Newpark earned \$5.6 million, equal to \$.08 per diluted share, on revenues of \$266.6 million. This compares to a loss of \$69.5 million, or \$1.01 per diluted share, on revenues of \$198.2 million in the preceding fiscal year. The reported 1999 net loss included principally non-cash charges totaling \$57.2 million (\$.83 per diluted share net of taxes).

Revenue growth in the fourth quarter of \$11.1 million, or 16% from the third quarter level, reflected improved activity in the key markets served by Newpark. Operating margins improved within the drilling fluids business and declined sequentially in both the E&P waste and Mat and integrated services segments. Newpark's consolidated operating margin declined from 18.6% to 16.8% in consecutive quarters, due primarily to shifts in the mix of business.

Mat and Integrated Services

Mat and integrated services revenues rose 26% sequentially while segment operating profit increased by 17%. Pricing in the quarter averaged \$1.05 per square foot on 5.8 million square feet of sites installed. Temporary changes in the mix of work during the quarter, as Newpark began the early, lower margin phases of larger wetlands projects, reduced the operating margin by 2% from third quarter levels. "As we complete these jobs in the first quarter of 2001, this situation should correct itself," stated James D. Cole, Newpark's Chairman and Chief Executive Officer. Mat installation volume totaled 19.9 million square feet for the fiscal year at an average price of \$.90 per square foot.

Drilling Fluids

Drilling fluids revenues increased by \$6.8 million, or 20%, to total \$41 million in the final quarter of 2000, compared to \$34 million in the third quarter of 2000. Revenues from drilling fluids increased \$11.3 million, or 38%, compared to the fourth quarter of 1999. Full year revenues reached \$134 million, up 34% from the 1999 level. Segment operating margins in drilling fluids improved to 8% from 6% in the prior quarter. The growth in the quarter reflected improved rig activity in the key Gulf Coast market, particularly the offshore segment.

E&P Waste Disposal

During the quarter, Newpark received 1.1 million barrels of waste at an average price of \$11.40 per barrel. This brought the total waste volume for the year to 4.1 million barrels, at an average revenue of \$11.55 per barrel. Waste Disposal revenue totaled \$14.5 million, a decline of just under \$1 million from the preceding quarter's level. Fourth quarter revenues did not respond directly to increases in the market rig count due to continued softness in the inland barge drilling market.

Operating profit from the waste disposal segment declined to \$3.8 million in the final quarter of 2000 from \$5.3 million in the third quarter. Explaining the margin decline, Mr. Cole noted that "Newpark faced higher fuel and transportation costs in the quarter that have not yet been reflected in current pricing and opened its new Port Fourchon, Louisiana facility without a corresponding increase in volume to absorb the increased fixed cost. However, the new facility will enhance our position to serve the offshore market, especially in light of new regulations affecting synthetic oil based drilling fluid systems scheduled to become effective later this year."

Consolidated earnings before interest and taxes totaled \$11.4 million for the quarter and \$35.7 million for the year. Depreciation and amortization totaled \$6.5 million for the quarter and \$22.4 million for the year.

"The recovery in Newpark's key markets has been a late cycle phenomenon," Mr. Cole indicated, continuing, "Our historic base of business has been the land and inland waters drilling markets. Deepwater and offshore drilling led the recovery throughout most of last year, and only late in the third quarter did the land market along the Gulf Coast begin to participate in the recovery. Throughout this period, Newpark has been introducing new products and services to the industry. We believe that DeepDrill(TM) and the related system of drilling fluids products, the composite mats, the application of mats to provide year-round drilling in western Canada, and other new products and services have now gained market acceptance and that Newpark's belated participation in the industry upturn should now gain momentum."

First Quarter and Fiscal Year 2001 Guidance

Given the strength in Newpark's key markets and the trends within each of the market segments, Newpark's management is comfortable with analysts' estimates of \$.08 to \$.09 for the first quarter of 2001 and \$.40 and \$.45 for the full year. The primary drivers of this positive outlook are the need for increased natural gas supplies, the related move to deeper gas drilling, the need for year-round drilling in the Canadian market and the impact of recent regulatory changes curtailing drilling waste discharges in the Gulf of Mexico.

The Mat and Integrated Services business has historically been Newpark's most profitable niche business. The introduction of the composite mat has marked an historic change in the nature of this business. Thus far during the first quarter, Newpark has sold over 4,500 composite mats to E&P operators in Canada and this number can be expected to increase prior to the quarter-end. Newpark has received indications of intent to purchase more than 6,000 mats in the second quarter in that same market. "We believe that this activity will continue given the focus of many Canadian operators on pursuing increased production of natural gas now realizable through year-round drilling," Mr. Cole said, adding "These same forces should result in increased utilization of Newpark's rental mat fleet in Canada during the remainder of 2001. In addition, Newpark's composite mat system has application in the oilfields of North America outside of the historic Gulf Coast base of operations, in industrial and construction trades, and international oilfield markets, as well as military and governmental applications. The first delivery of mats to the U.S military is expected to be completed before the end of the current quarter."

The marsh and transition zone of South Louisiana and the Gulf Coast market in general are again the focus of deep gas drilling. This is evidenced in the recent recovery of the South Louisiana Land rig count to decade-high levels. Installations of mat locations are proceeding at capacity, prompting an approximate 25% rise in average installation pricing over fourth quarter levels. These price increases are being driven by high demand for drilling sites in the Gulf Coast market and in the transition zone of South Louisiana in particular.

Re-rentals, resulting from the extended use of drilling locations beyond the initial rental term, are an indicator of the trend towards deeper gas drilling. Revenue from re-rentals in last year's fourth quarter rose to \$2.1 million versus \$1.3 million in the third quarter and could increase another 75% in the first quarter of 2001. This revenue stream has historically been Newpark's most profitable.

Newpark said the trend toward deeper and more difficult drilling for natural gas is also evident in the Drilling Fluids business, which recently achieved significant gains in the number of rigs serviced in the Gulf Coast market and, in particular, the offshore segment. Total rigs serviced by Newpark Drilling Fluids averaged 168 in the fourth quarter of 2000, increasing to 199 in the first nine weeks of the current quarter. Moreover, Newpark's participation in the offshore market has almost doubled in this same period, to 16 from an average of 9 rigs in the fourth quarter. "This has historically been a premium price-for-performance market," Mr. Cole pointed out, "and it has taken a substantial investment of time and capital to position Newpark to participate in it. Revenues for the drilling fluids business could approach \$50 million in the first quarter of 2001 at current run rates, compared to \$41 million for the previous quarter. Newpark's penetration of the offshore market was earned by prior performance on land and through the acceptance of new products. DeepDrill(TM) is one of the most important elements of the improvement, and should become increasingly important in offshore drilling later in 2001 when new discharge limitations on certain widely used synthetic-based fluids are expected to be implemented and begin to impact these operations. At that time, those same regulations are expected to increase waste receipts from the offshore market in our E&P waste disposal business." As a late-cycle participant in the recovery of the market, Newpark views the industry's improving operational climate as "an opportunity for us finally to harvest what we have planted in all three of our business segments in recent years," Mr. Cole concluded.

Newpark Resources, Inc. provides integrated fluids management, environmental and oilfield services to the exploration and production industry.

The foregoing discussion contains 'forward-looking statements' within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Act of 1934, as amended. There are risks and uncertainties that could cause future events and results to differ materially from those anticipated by management in the forward-looking statements included in this press release. For further information regarding these and other factors, risks and uncertainties affecting Newpark, reference is made to the risk factors set forth in the Prospectus dated August 30, 2000, included in Newpark's Registration Statement on Form S-3 (File No. 333-39978), and to the section entitled "Forward Looking Statements" on page 17 of that Prospectus. In particular, as described on page 8 of that Prospectus, any material decline in the level of oil and gas exploration and production activity could result in fewer opportunities being available for the service industry in general and Newpark in particular, and may adversely affect the demand for our services. In addition, as described on page 13 of that Prospectus, and rescission or relaxation of governmental regulations, including any delays in implementing the new discharge regulations, could reduce the demand for Newpark's services and reduce Newpark's revenues and income. You are strongly urged to review these sections for a more detailed discussion of these risks and uncertainties. Newpark's SEC filings can be obtained at no charge at www.sec.gov, as well as through the Company's Website, <http://www.newpark.com>.

Newpark Resources, Inc.
Quarterly Statements of Income (Loss)

(In thousands, except per share data)

	2000 Year	1999 Year
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Segment Revenues

E&P Waste Disposal	\$56,176	\$42,954
Fluids Sales & Engineering	134,101	100,378
Mat & Integrated Services	76,316	54,893
Total Segment Revenues	266,593	198,225
Segment Operating Income (Loss)		
E&P Waste Disposal	17,255	13,068
Fluids Sales & Engineering	9,375	(14,237)
Mat & Integrated Services	16,948	(1,126)
Total Segment Operating Income (Loss)	43,578	(2,295)
General and administrative expenses	3,042	2,589
Goodwill amortization	4,965	4,996
Provision for uncollectible accounts	--	2,853
Writedown of abandoned and disposed assets	--	44,870
Impairment of long-lived assets	--	23,363
Terminated merger expenses	--	2,957
Operating income (loss)	35,571	(83,923)
Interest income	(822)	(987)
Interest expense	19,077	16,651
Income (loss) before income taxes and cumulative effect of accounting change	17,316	(99,587)
Provision (benefit) for income taxes	6,165	(29,461)
Income (loss) from continuing operations before cumulative effect of accounting change	11,151	(70,126)
Discontinued operations of solids control business:		
Income (loss) from discontinued operations (less applicable income taxes)		
Income (loss) before cumulative effect of accounting change	11,151	(70,126)
Cumulative effect of accounting change (net of income tax effect)	--	1,471
Net income (loss)	11,151	(68,655)
Less:		
Preferred stock dividends	5,068	532
Accretion of discount on preferred stock	448	318
Net income (loss) applicable to common shares	\$5,635	\$(69,505)
Weighted average common shares outstanding:		
Basic	69,265	68,949
Diluted	70,028	68,949
Net income (loss) per common share:		
Basic	\$0.08	\$(1.01)
Diluted	\$0.08	\$(1.01)

Newpark Resources, Inc.
Quarterly Statements of Income (Loss)

(In thousands, except per share data) 2000 1999
4Q 4Q

Segment Revenues		
E&P Waste Disposal	\$14,530	\$12,331
Fluids Sales & Engineering	40,563	32,097
Mat & Integrated Services	25,035	9,573
Total Segment Revenues	80,128	54,001
Segment Operating Income (Loss)		
E&P Waste Disposal	3,847	3,609
Fluids Sales & Engineering	3,306	(4,675)
Mat & Integrated Services	6,318	(3,256)
Total Segment Operating Income (Loss)	13,471	(4,322)
General and administrative expenses	804	690
Goodwill amortization	1,232	1,266
Provision for uncollectible accounts	--	2,853
Writedown of abandoned and disposed assets	--	44,870
Impairment of long-lived assets	--	23,363
Terminated merger expenses	--	557
Operating income (loss)	11,435	(77,921)
Interest income	(186)	(216)
Interest expense	5,151	4,461
Income (loss) before income taxes and cumulative effect of accounting change	6,470	(82,166)
Provision (benefit) for income taxes	1,785	(24,642)
Income (loss) from continuing operations before cumulative effect of accounting change	4,685	(57,524)
Discontinued operations of solids control business:		
Income (loss) from discontinued operations		
(less applicable income taxes)		
Income (loss) before cumulative effect of accounting change	4,685	(57,524)
Cumulative effect of accounting change (net of income tax effect)	--	--
Net income (loss)	4,685	(57,524)
Less:		
Preferred stock dividends	525	188
Accretion of discount on preferred stock	112	112
Net income (loss) applicable to common shares	\$4,048	\$(57,824)
Weighted average common shares outstanding:		
Basic	69,533	69,044
Diluted	70,238	69,044
Net income (loss) per common share:		
Basic	\$0.06	\$(0.84)
Diluted	\$0.06	\$(0.84)

Newpark Resources, Inc.
Consolidated Balance Sheets

(In thousands, except share data)

December 31, December 31,
2000 1999

ASSETS

Current assets:		
Cash and cash equivalents	\$31,245	\$4,517
Accounts and notes receivable, less allowance of \$2,482 in 2000 and \$10,836 in 1999	75,776	57,906
Inventories	24,998	17,524
Current taxes receivable	--	165
Deferred tax asset	15,715	10,463
Other current assets	4,530	8,602
Total current assets	152,264	99,177
Property, plant and equipment, at cost, net of accumulated depreciation	184,755	166,603
Cost in excess of net assets of purchased businesses, net of accumulated amortization	111,487	116,465
Deferred tax asset	22,965	33,595
Other assets	35,972	34,701
	\$507,443	\$450,541

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Notes payable	\$--	\$627
Current maturities of long-term debt	329	991
Accounts payable	25,816	29,232
Accrued liabilities	13,621	14,453
Arbitration settlement payable	2,448	5,630
Total current liabilities	42,214	50,933
Long-term debt	203,520	209,210
Arbitration settlement payable	--	2,451
Other non-current liabilities	1,653	1,608
Commitments and contingencies	--	--
Stockholders' equity:		
Preferred Stock, \$.01 par value, 1,000,000 shares authorized, 150,000 shares outstanding	73,521	13,009
Common Stock, \$.01 par value, 100,000,000 shares authorized, 69,562,429 shares outstanding in 2000 and 69,079,243 in 1999	696	690
Paid-in capital	329,650	322,724
Unearned restricted stock compensation	(2,339)	(3,838)
Accumulated other comprehensive income	(607)	250
Retained deficit	(140,865)	(146,496)
Total stockholders' equity	260,056	186,339
	\$507,443	\$450,541

	1Q00	2Q00	3Q00	4Q00	FY 2000
EBITDA □					
Pre-tax	1,309	2,937	6,600	6,470	17,316
Interest	4,593	4,757	4,576	5,151	19,077
Depreciation & Amortization	5,590	5,568	5,941	6,491	23,590
Total	11,492	13,262	17,117	18,112	59,983
Memo: Depreciation Expense	4,342	4,326	4,698	5,259	18,625
Waste Data					
E&P Waste Volume (000's)	915	1,062	1,089	1,076	4,142
Average Revenue per Barrel	\$11.88	\$11.47	\$11.51	\$11.40	11.55
E&P Revenue	11,397	12,719	13,382	12,996	50,494
NORM	665	798	1,453	1,028	3,944
Industrial	400	258	574	506	1,738
Total	12,462	13,775	15,409	14,530	56,176
Mat Rental Data - Gulf Coast					
Installation revenue - Millions	3.2	3.3	5.3	6.1	17.9
Re-rental	0.8	1.5	1.3	2.1	5.7
Total	4.0	4.8	6.6	8.2	23.6
Average price per square foot	\$0.78	\$0.71	\$0.99	\$1.05	\$0.90
Square feet installed (000's)	4.1	4.6	5.4	5.8	19.9
Drilling Fluids Data					
Average Rigs Serviced	134	129	152	168	146
Annualized Rev. per Rig (000's)	\$855	\$940	\$890	\$984	\$906

SOURCE Newpark Resources, Inc.

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