



Newpark Resources Earns \$.12 Per Share on 37% Revenue Increase in 3rd Quarter

October 25, 2001

METAIRIE, La., Oct 25, 2001 /PRNewswire via COMTEX/ -- Newpark Resources, Inc. (NYSE: NR) today reported that it earned \$8.6 million, equal to \$.12 per diluted share, on revenue of \$108.9 million in the quarter ended September 30, 2001. This compares to third quarter earnings of \$3.3 million, equal to \$.05 per diluted share, on revenue of \$69.0 million in the same period of 2000. EBITDA for the quarter ended September 30, 2001 increased 51% to \$25.6 million compared to \$17.0 million in the third quarter of last year.

For the nine months ended September 30, 2001, Newpark earned \$24.8 million, or \$.34 per diluted share on revenue of \$316.6 million, compared to \$1.6 million, or \$.02 per diluted share, on revenue of \$186.4 million in the comparable 2000 period. EBITDA for the nine months ended September 30, 2001 was \$75.9 million. This compares to EBITDA of \$41.9 million for the nine-month period of the prior fiscal year. Working capital in the nine months rose to \$132 million, while long term debt was reduced by 10% to \$183 million over the same period.

Drilling Fluids

Revenue from drilling fluids operations totaled \$58.4 million in the third quarter, an increase of \$24.6 million, or 73% from the year-ago level, and up \$4.5 million, or 8% sequentially. During the quarter, Newpark provided drilling fluids services to an average of 169 U.S. rigs, equivalent to 18% of the rigs active in the markets served by the company, and 31 rigs, or 10% of the total, in Canada. James D. Cole, Newpark's Chairman and CEO, stated: "Growth in drilling fluids revenue in the coming quarters will be the result of continued market penetration in the deep waters of the U.S. Gulf of Mexico and the deeper basins of Western Canada. While the number of rigs active in these markets will likely decline for several quarters as the industry slows, we anticipate that our penetration of critical wells should increase as industry acceptance of the DeepDrill(TM) product line continues to broaden. We believe that some measure of market acceptance of Newpark Drilling Fluids is indicated by the 31% growth in annualized revenue per average rig serviced to \$1,168,000 in the recent quarter, compared to \$890,000 in the third quarter of last year, as our mix of work shifts to deeper and more complex projects. While lower gas prices may also slow Canadian drilling activity in the near term, we continue to look at that market as a key source of energy that will become increasingly important to the U.S. and to Newpark over time.

Mat and Integrated Services

Mat and integrated services revenue of \$33.9 million in the recent quarter exceeded the \$19.8 million reported in the year-ago quarter, an increase of 72%. Most of the revenue gain resulted from sales of approximately 5,800 Dura-Base(TM) composite mats in both domestic and international markets and comparative improvement in our traditional domestic mat rental activity and higher pricing relative to the year-ago quarter. Sequential quarter revenues, however, declined by \$4.4 million mostly in integrated services revenue due to the unusually large number of marsh locations completed in the second quarter that did not recur in the third quarter. Mr. Cole indicated that: "Despite the slowing in total market activity, the rig count in the Gulf Coast Transition Zone remained relatively steady. Our customers have four sites actively drilling in the area and four more currently being installed. Several recent successful completions suggest that additional development drilling may help sustain current levels of activity in that market."

Pricing for Newpark's mat services in the Gulf Coast market moved down during the quarter, averaging \$1.04 per square foot compared to \$1.69 in the second quarter of this year, but still well above the \$.99 average of a year- ago. "We expect some further softness in mat rental pricing in the fourth quarter, particularly outside of the Transition Zone market," Mr. Cole said.

Waste Disposal

Waste disposal revenue totaled \$16.5 million in the quarter, improving 7% from the \$15.4 million reported in the year-ago quarter. E&P waste volume in the quarter reached 1,194,000 barrels, up approximately 12% from 1,089,000 in the year-ago quarter and 15% from the preceding quarter of 2001. Segment operating margins declined to 25.4% in the recent quarter, but should begin to improve from recent cost reductions and logistics improvements now in place in the market. "We expect these improvements to be in evidence over the next two quarters. The EPA is expected to publish final regulations imposing new limitations on the discharge of cuttings from wells drilled using synthetic oil-based fluid systems into the Gulf of Mexico within the next few weeks. The regulations will be phased in over a period of six months thereafter. "We believe that the new regulations could result in an increase in waste disposal volume in this market," Mr. Cole said.

Summation

"With the exception of the deepwater Gulf of Mexico and seasonal gains in western Canada, we anticipate that drilling activity will gradually decline through early 2002, as the industry sorts out the significance of the level of natural gas in storage, oil and gas prices, rig rates, and the health of the domestic economy. Although we anticipate a pickup in the second half of 2002, we are

planning for a slower reconstituted in case. The good news is that Newpark and the entire industry are financially healthy and that the continuing rapid depletion of gas reservoirs should soon result in increased drilling activity in order to sustain current production levels," 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 March 27, 2001, included in Newpark's Registration Statement on Form S-3 (File No. 333-53824), and to the section entitled "Forward Looking Statements" on page 17 of that Prospectus. In particular, as described on page 9 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 our Website, www.newpark.com.

Newpark Resources, Inc.
Year-Ago Quarter Comparison

(dollars in thousands)	3Q01	3Q00
Revenue □		
Mat & Integrated Services	\$33,915	\$19,772
Drilling Fluids	58,414	33,806
E&P Waste Disposal	16,561	15,409
	\$108,890	\$68,987
Operating Income		
Mat & Integrated Services	\$9,589	\$5,391
Drilling Fluids	7,520	2,140
E&P Waste Disposal	4,213	5,297
	21,322	12,828
Corporate G&A	(1,571)	(587)
Goodwill Amortization	(1,232)	(1,243)
Foreign Currency gain (loss)	(116)	--
Interest Income	237	178
Interest Expense	(3,752)	(4,576)
Pre-Tax	14,888	6,600
Income tax	(5,360)	(2,670)
Net income	9,528	3,930
Preferred Dividends	(975)	(637)
Net income to common	\$8,553	\$3,293
Common share equiv's.	74,030	70,315
EPS	\$ 0.12	\$0.05
EBITDA □		
Pre-tax	\$14,888	\$6,600
Interest	3,752	4,576
Depreciation & Amortization	7,141	5,941
Total	\$25,781	\$17,117
% of Revenue	23.7%	24.8%
Waste Data		
E&P Waste Volume (thousand barrels)	1,194	1,089
Average Revenue per Barrel	\$11.72	\$11.51
E&P Revenue	\$14,541	\$13,382
NORM	1,548	1,453
Industrial	472	574
	\$16,561	\$15,409

Mat Rental Data		
Installation	\$ 4,684	\$ 5,269
Re-rental	5,132	1,281
Totals	\$ 9,816	\$ 6,550
Average price per square foot		
	\$1.04	\$0.99
Square feet installed (MM)		
	4.5	5.4

Drilling Fluids Data		
Average Rigs Serviced	200	152
Annualized Rev. per Rig	\$1,168	\$890

Newpark Resources, Inc.
9 Months to Date Comparison

(dollars in thousands)	9 Mos 01	9 Mos 00
Revenue □		
Mat & Integrated Services	\$106,515	\$51,281
Drilling Fluids	162,685	93,538
E&P Waste Disposal	47,418	41,646
Total	\$316,618	\$186,465
Operating Income		
Mat & Integrated Services	\$29,325	\$10,630
Drilling Fluids	20,643	6,069
E&P Waste Disposal	12,709	13,408
	62,677	30,107
Corporate G&A	(3,838)	(2,238)
Goodwill Amortization	(3,699)	(3,733)
Foreign Currency Gain (Loss)	(360)	--
Interest Income	685	636
Interest Expense	(12,157)	(13,926)
Pre-Tax	43,308	10,846
Income tax	(15,592)	(4,380)
Net income	27,716	6,466
Preferred Dividends	(2,925)	(4,879)
Net income to common	\$ 24,791	\$ 1,587
Common share equiv's. (dil.)	73,891	68,917
EPS	\$ 0.34	\$ 0.02

Note (a) Includes \$3.5 in non-cash charges related to preferred stock issuance equal to \$.05 per share.

EBITDA □		
Pre-tax	\$43,308	\$10,846
Interest	12,157	13,926
Depreciation & Amortization	20,385	17,099
Total	\$75,850	\$41,871
% of Revenue	24.0%	22.5%

Waste Data		
E&P Waste Volume (thousand barrels)	3,416	3,093
Average Revenue per Barrel	\$11.87	\$11.51
E&P Revenue	\$42,400	\$37,498
NORM	3,618	2,916
Industrial	1,400	1,232
	\$47,418	\$41,646

Mat Rental Data		
Installation	\$17,435	\$11,770
Re-rental	12,607	4,186

Total	\$30,042	\$15,956
Average price per square foot	\$1.35	\$0.83
Square feet installed (MM)	12.9	14.1
Drilling Fluids Data		
Average Rigs Serviced	196	138
Annualized Rev. per Rig	\$1,105	\$905

Newpark Resources, Inc.
Consolidated Balance Sheets

(Unaudited) September 30, December 31,
(In thousands, except share data) 2001 2000

ASSETS □

Current assets:

Cash and cash equivalents	\$7,713	\$31,245
Accounts and notes receivable, less allowance of \$2,448 in 2001 and \$2,482 in 2000	112,457	75,776
Inventories	37,865	24,998
Deferred tax asset	16,047	15,715
Other current assets	10,480	4,530
Total current assets	184,562	152,264

Property, plant and equipment, at cost, net of accumulated depreciation	192,816	184,755
Cost in excess of net assets of purchased businesses, net of accumulated amortization	107,034	111,487
Deferred tax asset	6,919	22,965
Other assets	34,965	35,972
	\$526,296	\$507,443

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Current maturities of long-term debt	\$1,078	\$329
Accounts payable	30,432	25,816
Accrued liabilities	21,363	13,621
Arbitration settlement payable	--	2,448

Total current liabilities	52,873	42,214
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Long-term debt	183,088	203,520
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Other non-current liabilities	896	1,654
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Commitments and contingencies	--	--
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Stockholders' equity:

Preferred Stock, \$.01 par value, 1,000,000 shares authorized, 270,000 shares outstanding	73,858	73,521
Common Stock, \$.01 par value, 100,000,000 shares authorized, 70,262,508 shares outstanding in 2001 and 69,587,725 in 2000	702	696
Paid-in capital	334,124	329,650
Unearned restricted stock compensation	(1,287)	(2,339)
Accumulated other comprehensive income (loss)	(1,959)	(607)
Accumulated deficit	(115,999)	(140,866)
Total stockholders' equity	289,439	260,055
	\$526,296	\$507,443

Ratio of long-term debt to total capital

38.7%

43.9%

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SOURCE Newpark Resources, Inc.

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