



Newpark Resources Reports Second Quarter Profit; Sees Positive Outlook for Second Half

July 31, 2002

METAIRIE, La., Jul 31, 2002 /PRNewswire-FirstCall via COMTEX/ -- Newpark Resources, Inc. (NYSE: NR) today announced that it earned income of \$269,000 on revenues of \$77.6 million for the second quarter of 2002. This compares to net income of \$9.2 million, equal to \$.13 per share, on \$108.3 million in revenue in the second quarter of 2001. During the quarter, Newpark completed the public offering of two million common shares, proceeds of which were used to repurchase all of the outstanding Series A preferred stock for \$15 million plus accrued dividends. That transaction reduced income available to common shareholders by a \$1 million non-recurring, non-cash after tax dividend not included in the above results, representing primarily the write-off of the remaining discount associated with the Series A preferred stock.

For the first six months of 2002, Newpark earned income of \$790,000, equal to \$.01 per share, on revenues of \$152.7 million. This compares to net income of \$16.2 million, equal to \$.23 per share, on \$207.7 million in revenue in the same period of 2001. Results for the first half of 2002 also exclude the effect of the non-recurring item discussed above.

James D. Cole, Newpark Chairman and CEO commented that "positive developments in the quarter included revenue and income growth in the U.S. drilling fluids market, completion of the Ava, S.p.A. Rome, Italy-based acquisition that establishes a drilling fluids presence in key foreign markets, and improved operating results in the E&P waste unit."

Drilling Fluids

Revenue from Newpark's Drilling Fluids segment increased to \$47.8 million in the second quarter from \$42.1 million in the first quarter of 2002. U.S. market revenue in the quarter increased \$8.3 million, or 25%, from the first quarter level to \$41.8 million, while operating margins in the U.S. market improved to 10% from 9% in the first quarter. The acquisition of Ava S.p.A. in May contributed \$3 million of revenue in the second quarter, while the extended spring break-up resulted in a revenue decline of \$5.6 million and an operating loss in Canada, offsetting the gains in the domestic market. Segment operating margins declined to 7.3% in the second quarter from 9.5% in the first quarter due primarily to the seasonal decline in the Canadian market.

"Newpark continues to penetrate the U.S. drilling fluids market, as indicated by the 25% increase in sequential quarter revenue at a time when drilling activity has not increased. During the remainder of the year, we expect to see additional revenue growth in all markets. Canadian market conditions have already begun to improve, and we expect to see revenue growth from our recent European acquisition and in the U.S. market," Cole stated.

E&P Waste

Second quarter segment revenue improved 10% from the first quarter level to \$12.2 million, on gains in both NORM and Industrial markets, while the E&P market remained flat. Segment EBIT increased sequentially to \$1 million, or 8% of revenue, from \$600,000, or 5%, in the first quarter as a result.

Segment revenue decreased 24% compared to \$16.2 million in the 2001 period, due to the sharp reduction in drilling activity in the Gulf Coast market. Second quarter revenue from the E&P waste market was \$10.1 million, a decline of \$4.4 million, or 30%, on 37% lower volume.

Newpark received 725,000 barrels of E&P waste in the 2002 quarter, similar to the first quarter 2002 level, but considerably below the 1,144,000 barrels received in the year-ago period. Average revenue of \$13.00 per barrel was flat with that of the first quarter, but 6% higher than the year-ago period. Segment EBIT margins declined in comparison to the year ago period on lower volume driven by declining activity in the Gulf Coast market; however the recent quarter included \$2.1 million in costs, or approximately \$.02 per share after tax, that will not recur in future periods because of the June 30 expiration of a disposal contract.

Waste volume received from the offshore Gulf of Mexico market increased 24% from the first quarter level to an annualized 15,700 barrels per rig in the second quarter. "We attribute the majority of this increase to the impact of new regulations that will become fully effective later in the third quarter," Cole remarked. He continued, "Operating results improved as a result of cost reduction measures implemented last year, and will benefit further as the result of expiration of a disposal contract as mentioned above. As a result, we expect to see solid improvement in third quarter results."

Mats and Integrated Services

Mat and Integrated Services revenue of \$17.6 million in the second quarter declined \$4.4 million from the first quarter's total, principally due to lower than anticipated composite mat sales. Gulf Coast mat rental revenue was flat with the level of the first quarter as activity in the land drilling market continued at a slow pace. Conditions in this market, which has been more sharply affected by the current downturn than other markets served by Newpark, are expected to improve later in the year.

Second quarter revenue dropped 54% from \$38.2 million reported in the year-ago quarter, with most of the decline resulting from lower composite mat sales and declines in pricing, volume and utility in the Gulf Coast and western Canadian markets. Operations produced EBIT of \$421,000 for the quarter compared to \$10.7 million in the year-ago period.

"In light of current market conditions, we expect to see continued pricing pressure in this market through the remainder of the year. We expect to see improvement in the Canadian rental market during the third quarter following an unusually slow break-up season in the second quarter," Cole said, "and we anticipate that composite mat sales will be substantially improved in the second half as several large projects approach commitment dates."

Financial Condition

Newpark ended the quarter with long term debt at 36% of total capital, down slightly from the year-end level. During the quarter Newpark acquired Ava, S.p.A., funding the \$5.6 million cash portion of the purchase price from its long-term bank credit facility. Ava's \$5 million of working capital borrowings are included in current notes payable. Working capital borrowings increased \$6 million in the quarter, slightly more than half of which was related to increases in the composite mat resale inventory on hand. Interest expense in the quarter benefited from \$1.8 million from an interest rate swap transaction that was closed out at June 30. At the quarter-end, Newpark had over \$46 million available under its bank credit facility. The Company plans to continue to reduce borrowings with cash flow from operations through the second half of the year.

Summary

"More than ever before, our customers are focused upon quality, performance, safety and the financial capability of the service companies involved in their projects. These requirements will change the competitive position of the service companies and impact the competitive landscape. Newpark is fortunate to have an excellent performance history and is rapidly gaining market acceptance for new products and services, including our composite mat system, the DeepDrill(TM) family of drilling fluid products, and our unique methods of solving the environmental issues resulting from E&P operations. We are positioned in every respect to respond to the stricter standards demanded by our customers and our operating performance should respond accordingly as the market recovers in 2003," Cole said.

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

(FINANCIAL DATA TO FOLLOW)

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 Exchange 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 included in Newpark's Registration Statement on Form S-3 filed on May 8, 2002 (File No. 333-87840), 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, any 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		
(in thousands, except per share amounts)		
	2Q02	2Q01
Revenue □		
Mat & Integrated Services	\$17,581	\$38,276
Drilling Fluids	47,778	53,870
E&P Waste Disposal	12,196	16,185
	\$77,555	\$108,331
Operating Income		
Mat & Integrated Services	\$421	\$10,728
Drilling Fluids	3,506	7,098
E&P Waste Disposal	1,003	4,268
	4,930	22,094
Corporate G&A	(1,617)	(1,197)
Goodwill amortization	---	(1,233)
Foreign currency gain (loss)	79	246
Interest income	177	215
Interest expense	(1,821)	(4,190)

Pre-tax	1,748	15,935
Income tax	(629)	(5,737)
Net income	1,119	10,198
Preferred stock dividends and accretion	(850)	(975)
Other non-cash preferred stock charges	(1,055)	---
Net income (loss) to common	\$ (786)	\$9,223

Common share equiv's. (dil.)	72,477	72,620
Diluted EPS	\$ (0.01)	\$0.13

EBITDA □

Pre-tax	\$1,748	\$15,935
Interest	1,821	4,190
Depreciation & amortization	5,579	6,831
Total	\$9,148	\$26,956
% of Revenue	11.8%	24.9%

Waste Data (in thousands, except per barrel amounts)

E&P waste volume	725	1,144
Average revenue per barrel	\$13.00	\$12.19

E&P revenue	\$10,127	\$14,514
NORM	1,318	1,188
Industrial	751	483
	\$12,196	\$16,185

Mat Rental Data - Gulf Coast (in millions, except per square foot amounts)

Installation	\$2.9	\$5.9
Re-rental	1.2	3.8
Total	\$4.1	\$9.7

Average price per square foot	\$0.64	\$1.69
Square feet installed	4.5	3.5

Drilling Fluids Data

Average rigs serviced	120	193
Annualized revenue per rig (000's)	\$1,594	\$1,116

Newpark Resources, Inc.

Year-Ago Six Month Comparison

(in thousands, except per share amounts)

	6 Months 02	6 Months 01
Revenue □		
Mat & Integrated Services	\$39,548	\$72,600
Drilling Fluids	89,857	104,271
E&P Waste Disposal	23,260	30,857
	\$152,665	\$207,728
Operating Income		
Mat & Integrated Services	\$2,673	\$19,736
Drilling Fluids	7,510	13,123
E&P Waste Disposal	1,557	8,496
	11,740	41,355
Corporate G&A	(3,134)	(2,267)
Goodwill amortization	---	(2,467)
Foreign currency gain (loss)	75	(244)
Interest income	348	448
Interest expense	(4,943)	(8,405)
Pre-tax	4,086	28,420
Income tax	(1,471)	(10,232)
Net income	2,615	18,188
Preferred stock dividends and accretion	(1,825)	(1,950)
Other non-cash preferred stock charges	(1,055)	---

Net income (loss) to common	\$ (265)	\$16,238
Common share equiv's. (dil.)	71,696	71,242
Diluted EPS	\$ (0.00)	\$0.23
EBITDA □		
Pre-tax	\$4,086	\$28,420
Interest	4,943	8,405
Depreciation & amortization	11,655	13,244
Total	\$20,684	\$50,069
% of Revenue	13.5%	24.1%

Waste Data (in thousands, except per barrel amounts)

E&P waste volume	1,455	2,221
Average revenue per barrel	\$12.97	\$11.95

E&P revenue	\$20,232	\$27,859
NORM	1,891	2,070
Industrial	1,137	928
	\$23,260	\$30,857

Mat Rental Data - Gulf Coast (in millions, except per square foot amounts)

Installation	\$4.9	\$12.8
Re-rental	3.1	7.5
Total	\$7.9	\$20.2

Average price per square foot	\$0.63	\$1.52
Square feet installed	7.7	8.4

Drilling Fluids Data

Average rigs serviced	125	195
Annualized revenue per rig (000's)	\$1,436	\$1,072

Consolidated Balance Sheets

(Unaudited)	June 30,	Dec. 31,
(In thousands)	2002	2001

ASSETS □

Current assets:

Cash and cash equivalents	\$3,194	\$7,504
Trade accounts receivable, less allowance of \$2,181 in 2002 and \$2,159 in 2001	88,579	86,702
Notes and other receivables	4,503	2,567
Inventories	49,472	44,144
Deferred tax asset	4,316	4,272
Other current assets	12,631	9,131
Total current assets	162,695	154,320

Property, plant and equipment, at cost, net of accumulated depreciation

	204,853	208,476
Goodwill, net of accumulated amortization	112,752	105,767
Deferred tax asset	18,435	19,609
Other intangible assets, net of accumulated amortization	12,898	12,437
Other assets	20,812	21,879
	\$532,445	\$522,488

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Notes payable	\$5,039	\$---
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Current maturities of long-term debt	3,181	3,355
Accounts payable	29,936	26,588
Accrued liabilities	17,691	21,018
Total current liabilities	55,847	50,961
Long-term debt	173,511	176,954
Other non-current liabilities	552	619
Commitments and contingencies	---	---

Stockholders' equity:

Preferred Stock, \$.01 par value, 1,000,000 shares authorized, 240,000 shares outstanding in 2002 and 390,000 in 2001	60,000	73,970
Common Stock, \$.01 par value, 100,000,000 shares authorized, 73,077,145 shares outstanding in 2002 and 70,332,017 in 2001	731	703
Paid-in capital	355,915	335,117
Unearned restricted stock compensation	(631)	(940)
Accumulated other comprehensive income	(351)	(2,032)
Retained deficit	(113,129)	(112,864)
Total stockholders' equity	302,535	293,954
	\$532,445	\$522,488

Ratio of long-term debt to total capital 36.4% 37.6%

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