



Newpark Resources Reports Third Quarter Results, Sees Improvement in Fourth Quarter and 2003

October 29, 2002

METAIRIE, La., Oct 29, 2002 /PRNewswire-FirstCall via COMTEX/ -- Newpark Resources, Inc. (NYSE: NR) today announced that it earned income of \$31,000, or break-even on a per diluted share basis, on revenues of \$79.4 million for the three months ended September 30, 2002. This compares to third quarter 2001 net income of \$8.6 million, or \$0.12 per diluted share, on \$108.9 million in revenue. Operations were negatively impacted by hurricane activity in the Gulf of Mexico. The company estimates revenues of \$7 million, carrying an earnings impact of \$0.03 per diluted share, were lost as Hurricanes Lili and Isidore disrupted Gulf of Mexico drilling and operating activity. Further impacting the quarter's total revenue figures was a 28% quarter-to-quarter decline in rig activity.

For the first nine months of 2002, Newpark earned income of \$1.3 million before unusual items, or \$0.02 per diluted share, on revenues of \$232.1 million. This compares to net income of \$24.8 million, or \$0.34 per diluted share, on \$316.6 million in revenue in the same period of 2001. The unusual item included the effect of \$1 million in non-recurring, non-cash after tax dividends primarily representing the accelerated amortization of the remaining discount associated with the Series A Preferred Stock that was redeemed in the second quarter. In addition, the current year to date benefited from the cessation of the amortization of goodwill, which totaled \$3.7 million in the 2001 period.

James D. Cole, Newpark Resources Chairman and CEO, said: "The significant operations progress Newpark has made through this market bottom is masked, in part, by adverse weather that impacted September operations, which precipitated our revised guidance on October 7. Because of this inflection point with our industry and its impact on Newpark's business segments, we have expanded the content of this discussion to put in plain words how Newpark is rapidly improving."

Drilling Fluids

Operating Results

The Drilling Fluids segment earned revenues of \$51.7 million, and contributed \$3.5 million of operating income in the quarter. This compares to \$58.4 million in revenue and \$7.5 million in segment operating income for the same quarter a year ago. The number of rigs active in Newpark's service area declined 30% year-over-year, while average annualized revenue per rig improved to \$1.64 million in the third quarter of 2002 from \$1.17 million a year ago, a 40% improvement that illustrates the trend towards more complex and lucrative projects undertaken by Newpark.

For the first nine months of 2002, Drilling Fluids revenue totaled \$141.6 million, contributing operating income of \$11.1 million compared to revenue of \$162.7 and operating income of \$20.6 million for the same period of the prior year. The 13% revenue decline year-to-date is attributed to a 32% decline in rig activity in Newpark's core markets.

"Quarterly revenue has steadily improved throughout 2002, with a better mix of more challenging, higher margin work that has helped stabilize our revenue base. Improvements would have been more pronounced in the third quarter if not for an estimated \$5 million in revenue lost due to inclement Gulf of Mexico weather," said Mr. Cole. "We expect to report another sequential revenue gain in the fourth quarter, notwithstanding continued storm-related fourth quarter project delays."

DeepDrill(TM) Progress

Newpark's proprietary DeepDrill(TM) technology is establishing a niche in the drilling fluids market. During the past nine months, DeepDrill's(TM) significant successes are beginning to translate into new commitments for upcoming projects. Work for two of the world's largest oil companies was successfully completed in the third quarter, and several other integrated oil companies and super-independents are engaged in testing and review of the DeepDrill(TM) system.

"The attention from industry and the positive progression is consistent with our expected growth sequence for DeepDrill(TM)," said Cole. "We believe we have recently entered a new phase that will increase Newpark's participation in major, high-profile offshore projects with the large integrated oil companies."

Outlook

"While we do not anticipate material increases in rig activity in the U.S. market until mid-2003, we anticipate that Drilling Fluids revenues will increase at approximately 10% each sequential quarter for the next three quarters," said Cole. "We expect this growth to be marked by increased participation in major projects in the Gulf of Mexico, an improving Canadian market and major new contracts in foreign markets. Operating margins should improve as a result of both operating leverage and favorable project mix."

E&P Waste

Operating Results

Third quarter 2002 E&P Waste segment revenue of \$14.2 million contributed segment operating income of \$3.8 million. This compares to \$16.6 million of revenue and \$4.2 million of income in the corresponding period of 2001. Newpark received 899,000 barrels of waste in the period, compared to 1,194,000 in the year-ago quarter. The 25% volume decline parallels a 28% year-over-year rig activity decline. Segment operating margin increased to 27% from 25% in the 2001 quarter as the result of lower operating costs.

Third quarter 2002 results indicate a reduction of over \$2 million in net operating costs, after some increases for important service capability additions required to support the longer-term growth of the business.

"The 27% third quarter operating margin in the E&P Waste unit would have exceeded 30% if it were not for weather-related events," said Cole. "This confirms that a return to margins in the 30% historic range is achievable. We believe that the series of tropical storms and hurricanes in the Gulf of Mexico reduced third quarter receipts by 80,000 barrels, impacting revenue by approximately \$1 million and segment profitability by nearly \$700,000 in the quarter."

Impact of New Regulations

Sequential Gulf Coast rig activity increased 6% in the third quarter 2002 compared to the second quarter 2002. Total market waste volume in the quarter was approximately 1.67 million barrels, an annualized rate of 6.7 million barrels. This represents an annual increase of 1.5 million barrels, or 29%, compared to second quarter volume annualized at 5.2 million-barrels.

"Most of the increase is related to new regulatory limits on discharging synthetic oil-based mud, and is consistent with our earlier estimates," Cole indicated. "This increase would have been approximately 36% when adjusted for adverse weather occurring in the third quarter, an item that also will likely affect fourth quarter results."

Service Capability

The offshore market has always been the most service intensive segment of Newpark's business, and new regulations have further increased this service emphasis. Building upon a position earned over 20 years in the business, Newpark has expanded its capabilities by opening a new base at Galveston, Texas, during the quarter. That facility became immediately profitable due to local customer activity. Newpark recently expanded and upgraded its service capacity at the Port Fourchon site and is upgrading the Cameron, La. facility in anticipation of further volume increases and growing service requirements from the offshore market.

In addition to the demands placed upon the industry for increases in service capability, increased regulatory and financial surety requirements are pressing market participants at a time when bonding capacity has eroded as a result of broader economic events. Newpark is fortunate to have readily fulfilled the increased surety requirements while many other service companies are having difficulty doing so.

Mat Sales and Rentals

Mat and Integrated Services revenue of \$13.5 million for the third quarter 2002 compares to \$33.9 million in the same quarter of last year. Segment operating results declined to a loss of \$1.3 million from the prior year's profit of \$9.6 million. Lower sales of composite mats accounted for \$9.1 million of the revenue decline, with the remainder attributable to current weak conditions in the Gulf Coast land drilling market.

For the nine months to date, segment revenues totaled \$53.1 million, compared to \$106.5 in the corresponding period of 2001. Segment operating profit declined to \$1.4 million in the current year-to-date period, compared to \$29.3 million for the same period last year. The principal components of the revenue decline included \$19.8 million in lower composite mat sales and \$17.9 million related to Gulf Coast mat rental operations.

Composite Mat Sales

Newpark introduced the Dura-Base(TM) composite mat to commercial service in the oilfield market just over three years ago, and achieved its first sales to other markets late in 2000. During 2001, the company sold over 21,000 units, the majority of which were shipped to the exploration markets of Western Canada. Sales to date in 2002 have been considerably slower; however, Newpark continued to develop eight key markets, including Southeast Asia, Russia (particularly Sakhalin Island), Alaska, Western Canada, South America, the U.S. military, utilities, and other U.S. commercial markets.

"To date, we have successfully placed mats in all but one of those major core markets, with a first order now pending in the Southeast Asia market," said Cole. "In each market, we have identified specific projects to which the Dura-Base(TM) system adds value for the customer. An active sales and marketing effort is ongoing in the core areas.

"Newpark is currently shipping the first of 1,300 units of an anticipated 7,000 - 9,000 mat order to the U.S. military for use as aircraft support infrastructure. Based upon projects currently under discussion, we anticipate much improved results in the fourth quarter and in fiscal 2003."

Gulf Coast Rental Market

Forty thousand of Newpark's 90,000-unit mat rental fleet in the Gulf Coast market is comprised of Dura-Base(TM) composite mats that were first developed for that specific application. As their performance, safety and logistics benefits have been proven in the field, a number of major customers have developed a preference for the product, which is increasingly being specified for larger upcoming projects. Activity in the Gulf Coast rental market remains depressed, however, a number of factors will contribute to changes in the near future: total industry rental inventory is currently at an eight-year low; overall inventory condition is poor; and usable inventory is declining monthly.

"We believe that at current industry cash flows, the reinvestment ability of some competitors is limited. Fortunately, Newpark's inventory is in very good condition, and investment returns should recover sharply to historic levels as the market improves," said Cole.

Financial Condition

During the quarter, the Company generated EBITDA of \$9.8 million, equal to 12.4% of revenue. Newpark ended the quarter with \$38 million of bank borrowings outstanding under its credit facility, and available borrowing capacity of \$46 million. Debt represented 36.6% of total capital at quarter end, down by 1% from the year-end level.

"Our focus at this point is to exit the year with a strong balance sheet, well-positioned to participate in what should be a much-improved market in 2003 and 2004," said Cole. "We have focused on continued development of products and in increasing our market presence throughout the downturn. The results of this continuing effort will be apparent as the industry recovers."

Conference Call

Newpark has scheduled its third quarter 2002 conference call for Wednesday, October 30, 2002 at 9:30 AM EST. Please contact the company for further information. The call will also be available via webcast. Please visit the company's website at www.newpark.com and click the "investor relations" tab to logon to the webcast on Wednesday morning.

About Newpark Resources

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

(THREE PAGES OF FINANCIAL DATA FOLLOW)

For further information contact:
 Matthew W. Hardey
 Vice President of Finance
 Newpark Resources, Inc.
 3850 N. Causeway, Suite 1770
 Metairie, Louisiana 70002
 (504) 838-8222

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. Furthermore, our ability to maintain a competitive advantage depends on our ability to gain customer acceptance of our proprietary products, including our composite mats and our DeepDrill technology. Any delays or difficulties in obtaining this customer acceptance would adversely impact our revenues and income. 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)

	3Q02	3Q01
Revenue		
Drilling Fluids	\$51,694	\$58,413
E&P Waste Disposal	14,209	16,561
Mat & Integrated Services	13,503	33,915
	\$79,406	\$108,889

Operating Income (Loss)

Drilling Fluids	3,546	7,520
E&P Waste Disposal	3,769	4,213
Mat & Integrated Services	(1,269)	9,589
	6,046	21,322
Corporate G&A	(1,328)	(1,571)
Goodwill Amortization	---	(1,232)
Foreign Currency gain (loss)	(78)	(116)
Interest Income	140	237
Interest Expense	(3,510)	(3,752)
Pre-Tax	1,270	14,888
Income tax	(565)	(5,360)
Net income	705	9,528
Preferred Dividends	(674)	(975)
Net income to common	\$31	\$8,553
Diluted common share equiv's.	73,260	74,030
Diluted EPS	\$---	\$0.12
EBITDA □		
Pre-tax	\$1,270	\$14,888
Interest	3,510	3,752
Depreciation & Amortization	5,087	7,141
Total	\$9,867	\$25,781
% of Revenue	12.4%	23.7%
Waste Data		
E&P Waste Volume (thousand barrels)	899	1,194
Average Revenue per Barrel	\$12.84	\$11.72
E&P Revenue	\$12,187	\$14,541
NORM	1,468	1,548
Industrial	554	472
	\$14,209	\$16,561
Mat Rental Data		
Installation	\$3,414	\$4,684
Re-rental	818	5,132
Total	\$4,232	\$9,816
Average price per square foot - oilfield	\$0.54	\$1.04
Square feet installed (MM)	2.8	4.5
Drilling Fluids Data		
Average Rigs Serviced	126	200
Annualized Rev. per Rig	\$1,641	\$1,168
Newpark Resources, Inc.		
9 Months to Date Comparison		
(dollars in thousands)	9 Mos 02	9 Mos 01
Revenue □		
Drilling Fluids	\$141,551	\$162,684
E&P Waste Disposal	37,469	47,418
Mat & Integrated Services	53,051	106,515
Total	\$232,071	\$316,617
Operating Income		
Drilling Fluids	11,056	20,643
E&P Waste Disposal	5,326	12,709
Mat & Integrated Services	1,404	29,325
	17,786	62,677
Corporate G&A	(4,462)	(3,838)
Goodwill Amortization	---	(3,699)
Foreign Currency Gain (Loss)	(3)	(361)
Interest Income	488	685

Interest Expense		(8,453)	(12,157)
Pre-Tax		5,356	43,307
Income tax		(2,036)	(15,592)
Net income		3,320	27,715
Preferred Dividends	(A)	(3,554)	(2,925)
Net income to common	(A)	\$ (234)	\$24,790
Common share equiv's. (dil.)		71,879	73,891
EPS	(A)	\$ (0.00)	\$0.34

Note (A) Includes \$1.1 million in non-cash charges related to anti-dilution provisions of preferred warrants equal to \$.02 per share.

EBITDA □			
Pre-tax		\$5,356	\$43,307
Interest		8,453	12,157
Depreciation & Amortization		16,742	20,385
Total		\$30,551	\$75,849
% of Revenue		13.2%	24.0%
Waste Data			
E&P Waste Volume (thousand barrels)		2,354	3,416
Average Revenue per Barrel		\$12.92	\$11.87
E&P Revenue		\$32,419	\$42,400
NORM		3,359	3,618
Industrial		1,691	1,400
		\$37,469	\$47,418
Mat Rental Data			
Installation		\$8,265	\$17,435
Re-rental		3,875	12,607
Total		\$12,140	\$30,042
Average price per square foot - oilfield		\$0.60	\$1.35
Square feet installed (MM)		10.2	12.9
Drilling Fluids Data			
Average Rigs Serviced		123	196
Annualized Rev. per Rig		\$1,534	\$1,105

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

	Sept. 30,	Dec. 31,
(In thousands, except share data)	2002	2001
ASSETS □		
Current assets:		
Cash and cash equivalents	\$1,810	\$7,504
Accounts and notes receivable, less allowance of \$2,134 in 2002 and \$2,159 in 2001	93,564	86,702
Notes and other receivables	4,016	2,567
Inventories	55,473	44,144
Deferred tax asset	5,970	4,272
Other current assets	12,471	9,131
Total current assets	173,304	154,320
Property, plant and equipment, at cost, net of accumulated depreciation	204,576	208,476
Cost in excess of net assets of purchased businesses, net of accumulated amortization	112,344	105,767
Deferred tax asset	16,456	19,609
Other intangible assets	12,554	12,437

Other assets	23,137	21,879
	\$542,371	\$522,488

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Notes payable	\$4,923	\$---
Current maturities of long-term debt	3,176	3,355
Accounts payable	33,584	26,588
Accrued liabilities	23,389	21,018
Total current liabilities	65,072	50,961

Long-term debt	174,075	176,954
Other non-current liabilities	773	619

Stockholders' equity:

Preferred Stock, \$.01 par value, 1,000,000 shares authorized, 232,000 shares outstanding in 2002 and 390,000 in 2001	58,000	73,970
Common Stock, \$.01 par value, 100,000,000 shares authorized, 73,315,828 shares outstanding in 2002 and 70,332,017 in 2001	738	703
Paid-in capital	358,937	335,117
Unearned restricted stock compensation	(477)	(940)
Accumulated other comprehensive income (loss)	(1,649)	(2,032)
Accumulated deficit	(113,098)	(112,864)
Total stockholders' equity	302,451	293,954
	\$542,371	\$522,488

Ratio of long-term debt to total capital	36.5%	37.6%
---	-------	-------

Make Your Opinion Count - Click Here
<http://tbutton.prnewswire.com/prn/11690X84502176> □

SOURCE Newpark Resources, Inc.

CONTACT: Matthew W. Hardey, Vice President of Finance of Newpark Resources, Inc., +1-504-838-8222

URL: <http://www.newpark.com>
<http://www.prnewswire.com> □

Copyright (C) 2002 PR Newswire. All rights reserved.