



Newpark Resources Reports Fourth Quarter and Full Year 2002 Results; Sees Improving Market Conditions in All Business Segments

February 27, 2003

METAIRIE, La., Feb 27, 2003 /PRNewswire-FirstCall via COMTEX/ -- Newpark Resources, Inc. (NYSE: NR) today announced that it earned net income of \$513,000, or \$0.01 per diluted share, on revenue of \$321.2 million for the fiscal year ended December 31, 2002. This compares to net income of \$28.0 million, or \$0.37 per diluted share, on revenue of \$408.6 million in 2001. Net income for 2002 includes the effect of a non-recurring, non-cash after tax dividend of \$1.0 million recorded in the second quarter, representing primarily the write-off of the remaining discount associated with the Series A preferred stock which was redeemed at that time.

For the fourth quarter ended December 31, 2002, Newpark earned net income of \$747,000, or \$0.01 per diluted share, on revenues of \$89.1 million. This compares to net income of \$3.2 million, or \$0.05 per share, on revenues of \$92.0 million in the fourth quarter of 2001. Revenues in the fourth quarter rose 12% compared to the preceding quarter, with much improvement realized in the mat segment. James D. Cole, Newpark Resources Chairman and CEO said, "As we enter 2003, the first quarter is typically the seasonal low in the U.S. market. The typical seasonality is exacerbated this year by the prevailing uncertainty created by current economic and political concerns. In addition, we see the industry adjusting to the challenge of deeper and more complex drilling, which carries increased risk and higher costs. We believe the early signs of the industry's response to the challenge are just beginning to be seen, and will become increasingly evident with each successive quarter of 2003."

Mat Rental and Sales

Newpark earlier reported the improving industry conditions with indications observed in the fourth quarter and its expectation of a further pickup in activity as the year progresses. Newpark's Gulf Coast site preparation business, historically a leading indicator of drilling activity in this region, began to improve late in the fourth quarter and has maintained this momentum to date in 2003. Oilfield mat rental pricing in this segment for the fourth quarter averaged \$.70 per square foot compared to \$.54 in the previous quarter and volume increased approximately 50% from the lows experienced in the third quarter of 2002. "This momentum continued throughout the quarter, and we exited the period with pricing at the \$1.00 level," Cole added.

Revenue in the mat and integrated services segment totaled \$22.6 million in the fourth quarter, contributing \$2.2 million or 10% of revenue to operating income. This compares to revenue of \$24.2 million and a contribution of \$3.5 million, equal to 15% of revenue in the year ago quarter. Fourth quarter revenue increased \$9.1 million or 68% and the segment's contribution to operating income improved by \$3.5 million, equal to a 38% incremental margin, from the results of the preceding quarter.

Mat and integrated services generated \$75.7 million in revenue for the full year 2002, contributing \$3.6 million to operating earnings, a significant decrease from 2002 revenues of \$130.7 million and operating income of \$32.9 million resulting from the lack of drilling activity and lower sales of Dura-Base(TM) composite mats during the year.

Cole said, "Current bidding in the oilfield site market is in the \$0.90 to \$1.00 per square foot range, an increase of 50% from the third quarter level, and we anticipate that first quarter pricing will average around \$0.90 per square foot. Bidding continues to be active and we expect that improved utilization and pricing should lead to much-improved operating results during 2003. Total industry mat inventories are down almost 45% from the peak in 2001, which will help improve pricing and utilization of the rental fleet in the coming cycle."

Fourth quarter revenue in the segment included \$4.7 million in Dura-Base(TM) composite mat sales, including the shipment of 1,300 mats to the Persian Gulf and 1,800 units for use in the oil and gas industry in Mexico. "During the year, we made initial Dura-Base(TM) sales for use in Russia, Mexico, and the Middle East, and now have mats on the ground, in service, in what we see as seven of eight key international markets," said Cole. "Earlier this month, we received the first order for the Dura-Base(TM) SP-12 mat, a lightweight, 12.25 square-foot product designed for personnel walkways and other light-duty applications. The 4,200 mat order will generate revenue of \$525,000 and is being shipped to the Persian Gulf for use by the U.S. military as tent flooring," he added.

Drilling Fluids

Drilling fluids operations generated revenue of \$52.7 million in the fourth quarter and contributed \$1.6 million, or 3% of revenue, to operating income. This compares to revenue of \$54.2 million and operating contribution of \$5.9 million in the fourth quarter of 2001. The decline in operating margin resulted from a shift in the mix of work performed, with an increase in lower-margin revenue from the Mediterranean and North African markets offsetting higher margin revenue declines in the Gulf of Mexico market. Gulf of Mexico operations were impacted by the after-effects of tropical weather and storm-related infrastructure damage that slowed activity throughout the fourth quarter. "We have finally begun to see indications that key Gulf of Mexico projects delayed from 2002 are restarting and this should have positive implications for first quarter and fiscal 2003 results," Cole said. During the fourth quarter, the Company was awarded contracts for offshore projects in North Africa from two of the larger multi-national oil companies that should account for revenue of up to \$25 million over the next two years.

Full-year drilling fluid revenue of \$194.3 million declined 10% from 2001 levels, while corresponding rig activity declined by 34%. The segment's operating contribution was \$12.7 million for the year, equal to a 6.5% operating margin. This compares to \$26.5 million or 12.2% during fiscal 2001. "The recent performance confirms that progress has been made in migrating the company to the more technologically challenging projects. Newport continued to build its capabilities and staff in anticipation of increased requirements in the coming cycle. While this impacted margins in 2002 and in the fourth quarter, in particular, we believe that the company is now well positioned to expand its market position," added Cole.

E&P Waste

Waste revenue for the quarter totaled \$13.8 million, contributing \$2.8 million to operating earnings, compared to \$13.6 million of revenue and \$2.2 million of contribution for the same quarter of 2001. Segment operating margin was 20% for the fourth quarter compared to 16% a year ago. The contribution margin was lower in the fourth quarter compared to the preceding quarter due to lower activity in NORM waste operations, which carry the highest increments in the segment.

For the recently completed year, total segment revenues of \$51.2 million and contribution of \$8.1 million, or 16% of revenue, declined from the prior year's \$61.0 million in revenue and \$14.9 million in operating contribution on 24% lower volume due to decreased drilling activity in the period. Cole said, "Our costs declined in the second half of 2002 with a corresponding increase in operating margins. While we operated the first half of the year at a 3 million-barrel annualized rate, the change in regulations, which took effect in the third quarter, was largely responsible for a 20% increase in second half volume." E&P waste volume for the year 2002 was 3.3 million barrels producing average revenue of \$12.94 per barrel. This compares to 4.3 million barrels in 2001 and an average of \$12.14 per barrel in revenue. "With its focus on service and a 23-year history of performance for our customers, Newport's E&P Waste segment is well positioned to benefit from the anticipated upturn in drilling activity in the Gulf Coast region during 2003," Cole said.

Financial Condition

During the year, Newport generated \$29.1 million of cash flow from operations that was used principally to fund \$8.5 million in working capital additions, \$15.4 million in net capital expenditures, and debt reductions of \$2.4 million. During the year, the Company invested \$11 million to expand its drilling fluid business to the Mediterranean and North African markets. Newport's net investment in working capital increased by \$8.5 million due principally to the effect of its European expansion and, to a lesser extent, to the completion of planned purchases of mats for resale. Mat production plans for 2003 have been scaled back to provide for a reduction of that investment through sales during 2003. Newport ended the period with \$37.5 million in borrowings outstanding under its credit facility, and long-term debt equal to 36.3% of total capital. "We anticipate further reduction of debt over the next four to six quarters in an effort to reach our long-term target of 30% debt to total capital."

Conference Call

Newport has scheduled its fourth quarter and full year 2002 conference call for Friday, February 28, 2003 at 10:00 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 log on to the webcast on Friday morning.

About Newport Resources, Inc.

Newport Resources, based in Metairie, LA, is a leading provider of high-performance, environmentally focused services and products to the domestic and international exploration and production industry. Products and services entail integrated drilling fluids systems, mat sales and rentals, along with site preparation services and E&P waste disposal. The stock trades on the New York Stock Exchange under the symbol NR.

THREE PAGES OF FINANCIAL DATA FOLLOW

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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 Newport, reference is made to the risk factors set forth in the Prospectus included in Newport'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 Newport 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 in the discharge regulations recently implemented, could reduce the demand for Newport'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)

	4Q02	4Q01
Revenue □		
Drilling Fluids	\$ 52,720	\$ 54,238
E&P Waste Disposal	13,771	13,580
Mat & Integrated Services	22,633	24,170
	\$ 89,124	\$ 91,988
Operating Income		
Drilling Fluids	\$ 1,625	\$ 5,858
E&P Waste Disposal	2,785	2,223
Mat & Integrated Services	2,183	3,525
	6,593	11,606
Corporate G&A	861	1,332
Goodwill Amortization	---	1,162
Foreign Currency (gain) loss	(173)	(2)
Interest Income	(253)	(693)
Interest Expense	3,833	3,281
Pre-Tax	2,325	6,526
Income tax	1,024	2,335
Net income	1,301	4,191
Preferred Dividends	554	975
Net income to common	\$ 747	\$ 3,216
Common share equivalents, diluted	75,465	70,750
Diluted EPS	\$ 0.01	\$ 0.05
EBITDA □		
Pre-tax	\$ 2,325	\$ 6,526
Interest	3,833	3,281
Depreciation & Amortization	5,101	7,056
Total	\$ 11,259	\$ 16,863
% of Revenue	12.6%	18.3%
Waste Data (in thousands, except per barrel amounts)		
E&P Waste Volume	902	851
Average Revenue per Barrel	\$ 13.00	\$ 13.22
E&P Revenue	\$ 12,541	\$ 11,755
NORM	622	1,431
Industrial	608	394
	\$ 13,771	\$ 13,580
Mat Rental Data - Gulf Coast (in millions, except per square foot amounts)		
Installation	\$ 3.2	\$ 2.0
Re-rental	1.7	2.6
Total	\$ 4.9	\$ 4.6
Average price per square foot	\$ 0.70	\$ 0.83
Square feet installed	4.5	2.5
Drilling Fluids Data		
Average Rigs Serviced (North America)	120	144
Annualized Rev. per Rig (000's)	\$ 1,351	\$ 1,507

Newpark Resources, Inc.
2001 and 2002 Comparison

(in thousands, except per share amounts)

	12 Mos 02	12 Mos 01
Revenue □		
Drilling Fluids	\$ 194,271	\$ 216,923
E&P Waste Disposal	51,240	60,998
Mat & Integrated Services	75,684	130,684
	\$ 321,195	\$ 408,605
Operating Income		
Drilling Fluids	\$ 12,681	\$ 26,502
E&P Waste Disposal	8,111	14,932
Mat & Integrated Services	3,587	32,849
	24,379	74,283
Corporate G&A	5,323	5,170
Goodwill Amortization	---	4,861
Foreign Currency (Gain) Loss	(170)	359
Interest Income	(741)	(1,378)
Interest Expense	12,286	15,438
Pre-Tax	7,681	49,833
Income tax	3,060	17,927
Net income	4,621	31,906
Preferred Dividends	4,108	3,900
Net income to common	\$ 513	\$ 28,006
Common share equivalents, diluted	73,012	74,904
Diluted EPS	\$ 0.01	\$ 0.37
EBITDA □		
Pre-tax	\$ 7,681	\$ 49,833
Interest	12,286	15,438
Depreciation & Amortization	21,843	27,441
Total	\$ 41,810	\$ 92,712
% of Revenue	13.0%	22.7%
Waste Data (in thousands, except per barrel amounts)		
E&P Waste Volume	3,256	4,267
Average Revenue per Barrel	\$ 12.94	\$ 12.14
E&P Revenue	\$ 44,961	\$ 54,155
NORM	3,981	5,049
Industrial	2,298	1,794
	\$ 51,240	\$ 60,998
Mat Rental Data - Gulf Coast (in millions, except per square foot amounts)		
Installation	\$ 11.4	\$ 19.5
Re-rental	5.6	15.2
Total	\$ 17.0	\$ 34.7
Average price per square foot	\$ 0.62	\$ 1.27
Square feet installed	18.5	15.4
Drilling Fluids Data		
Average Rigs Serviced (North America)	120	183
Annualized Rev. per Rig (000's)	\$ 1,435	\$ 1,184
Consolidated Balance Sheets (Unaudited) (In thousands)	December 31, 2002	December 31, 2001
ASSETS □		
Current assets:		
Cash and cash equivalents	\$ 2,725	\$ 7,504
Trade accounts receivable,		

less allowance of \$2,102 in 2002 and \$2.159 in 2001	97,657	86,702
Notes and other receivables	4,547	2,567
Inventories	55,473	44,144
Deferred tax asset	11,094	4,272
Other current assets	12,539	9,131
Total current assets	184,035	154,320
Property, plant and equipment, at cost, net of accumulated depreciation	204,703	208,476
Goodwill and other intangibles	126,441	118,204
Deferred tax asset	9,182	19,609
Other assets	22,978	21,879
	\$ 547,339	\$ 522,488

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Notes payable and current maturities of long-term debt	\$ 9,718	\$ 3,355
Accounts payable	35,568	26,588
Accrued liabilities	20,913	21,018
Total current liabilities	66,199	50,961

Long-term debt	173,864	176,954
Other non-current liabilities	1,853	619
Commitments and contingencies	---	---

Stockholders' equity:

Preferred Stock, \$.01 par value, 1,000,000 shares authorized, 167,500 shares outstanding in 2002 and 390,000 shares outstanding in 2001	41,875	73,970
Common Stock, \$.01 par value, 100,000,000 shares authorized, 77,710,192 shares outstanding in 2002 and 70,332,017 in 2001	777	703
Paid-in capital	376,278	335,117
Unearned restricted stock compensation	(281)	(940)
Accumulated other comprehensive income	(864)	(2,032)
Retained deficit	(112,362)	(112,864)
Total stockholders' equity	305,423	293,954
	\$ 547,339	\$ 522,488

Ratio of long-term debt to total capital	36.3%	37.6%
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SOURCE Newpark Resources, Inc.

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