Newpark Resources Reports Financial Results for the Third Quarter and Nine Months Ended September 30, 2003

November 6, 2003

METAIRIE, La., Nov. 6 /PRNewswire-FirstCall/ -- Newpark Resources, Inc. (NYSE: NR) today reported third quarter 2003 net income of $446,000 or $0.01 per share, on revenue of $95.6 million. This compares to net income of $31,000 on $79.4 million in revenue in the same quarter of the prior year. During the third quarter, the Company paid down $4.5 million on its bank credit facility, reducing its long-term debt to capital ratio to 35.0% at quarter-end.

For the nine months ended September 30, 2003, Newpark reported net income of $3,443,000, or $0.04 per share, on revenue of $278.6 million, compared to a net loss of $234,000 on revenue of $232.1 million in the same period of 2002.

Commenting on financial and operating results, James D. Cole, Newpark's Chairman and CEO said: "The last two years have been a time of transition for the exploration and production companies of every size operating in the Gulf Coast market. Our customers are dealing with a higher risk profile as the challenges of deeper geology and deeper water have substantially changed the economics of operating in this complex market. Newpark has had to adapt as well. As recently as 1997, practically none of our revenue was derived from markets outside of the Gulf Coast region. To date in 2003, non-Gulf Coast revenue accounts for 40% of the total, and we expect that it will increase to 50% over the next two to three years. We have recently opened a new waste disposal facility in Wyoming's Jonah-Pinedale trend, a very active Rocky Mountain gas play. The Canadian market continues to be a source of growth in both the drilling fluids and waste management businesses."

He continued: "We are confident that drilling expenditures and service company revenues will rebound in the Gulf Coast market as operators adapt and develop new understandings of their seismic data and adopt new techniques and technologies to economically drill their prospects. However, we are convinced that the activity will trend toward fewer, but much deeper wells aiming for bigger targets. The good news is that Newpark's key products are well suited to assist our customers as they make this transition and are gaining acceptance from customers as we diversify geographically into markets far distant from our historic base."

Drilling Fluids

Third quarter Drilling Fluid Sales and Engineering revenue totaled $62.0 million, an increase of $10.3 million, or 20.0%, from $51.7 million reported in the same quarter of 2002. Revenue excluding the Gulf Coast market increased by 43%, with a 9% decline reported in Gulf Coast revenue. Third quarter operating profit of $3.5 million was substantially unchanged from the year-ago quarter. Earnings contributed by markets outside the Gulf Coast increased consistent with the revenue growth achieved in those markets while Gulf Coast results weakened on lower activity. Sequentially, revenue increased 16% from $53.3 million and operating profit increased 24% from $2.8 million.

Segment revenue increased $27.7 million or 20% in the first nine months of 2003 from the similar period of 2002 to a total of $169.2 million. Revenue from North American markets other than the Gulf Coast increased by $18.3 million or 35%; international revenue increased by $18.1 million or 185%; and Gulf Coast revenue declined by $10.7 million or 15%. Year-to-date, drilling fluids segment operating profit has decreased by $1.9 million from the prior year level to $9.1 million, or 5.4% of revenue. Gulf Coast market earnings in the 2003 period are $8.1 million below 2002 levels, offsetting the aggregate earnings improvement in all other markets served.

"Newpark has continued development of its high-performance water-based product lines, introducing the FlexDrill(TM) system that draws from the technology introduced in the DeepDrill(TM) system several years ago. FlexDrill(TM) allows the key components of the system to be added to the fluid as the well progresses, reducing total system cost and simplifying the fluid management process. To date in 2003, 70 customers have drilled more than 290 wells using the FlexDrill(TM) system," Cole stated. "Market acceptance of the product has been very encouraging and we anticipate that as our Gulf Coast customers restart projects and increase their activity levels, FlexDrill(TM) will become a significant part of our revenue mix in that market," he added.

Mat Sales, Rentals and Integrated Services

Mat and Integrated Services revenue for the quarter was $19.9 million, up $6.4 million or 47% from the third quarter of 2002. The segment operating loss narrowed to $560,000 compared to the $1.3 million loss reported in the same quarter of 2002 on revenue of $13.5 million.

Revenue in the year-to-date period totaled $68.9 million, an increase of $15.8 million or 30% compared to the same period of 2002. The segment's operating contribution for the nine months to date was $2.8 million, an increase of $1.4 million from the same period of the prior year.

During the past two quarters, the Company has sold substantially all of its rental mats in Canada, marking Newpark's transition from a rental company to a sales organization in the Canadian market and accounting for $6.4 million of the year-to-date increase in segment revenue. The remaining revenue increase came principally from a 28% improvement in pricing in the Gulf Coast mat rental business and a 19% increase in volume to date in 2003. Gulf Coast mat rental pricing has averaged $0.97 per square foot in 2003 compared to $0.75 a year ago and reflects the positive influence of non-oilfield projects in 2003 rather than a change related to market activity. Re-rental revenue from projects installed earlier in the year accounted for $3 million of the year-to-date revenue increase in 2003, suggesting an increase in the average depth of drilling.

"This has been a transition year for the matting business," Cole commented. "In response to low activity in the Gulf Coast market, where operating results have been unsatisfactory for several years, we have worked to diversify the mat rental business into markets far removed from that historic base. In spite of a 50% reduction since 1998 in the total number of mats available from all industry participants, the supply remains excessive for the current level of drilling activity, adversely affecting both utilization rates and pricing. We plan to withdraw approximately half of the 40,000 composite mats currently in our Gulf Coast rental inventory and offer them for rental in other key markets. At the same time, we will continue development of the non-oilfield market throughout the U.S. and hope to employ the remaining composite mats in other venues where pricing and utilization offer better returns. The process, which could take up to two years to accomplish, should aid in restoring historic returns on investment in the Gulf Coast business. When Gulf Coast rental activity does improve, the revenue benefits of a smaller inventory should be quickly visible in pricing and utilization."

"As we have developed the worldwide market for the Dura-Base(R) mat system, some markets that we had historically viewed as potential sale markets are showing promise for rentals, while other markets that had been considered rental markets have potential for sales as well. Visibility of future orders appears to be improving now that the product has established a solid operating history in foreign markets. Additional projects are currently being planned with customers in Brazil, Ecuador, Peru, Mexico, Indonesia and Alaska. We have recently begun marketing the first production run of the new 50 pound Bravo(TM) mat system, which is easily handled without heavy equipment and targeted at event flooring and other temporary site and access markets. We believe that it will substantially broaden the opportunities in this segment of the business in 2004," Cole said.

E&P Waste

Environmental services revenues in the recent quarter totaled $13.7 million, contributing operating income of $3.1 million, equal to 23% of revenues. This compares to revenues of $14.2 million in the year-ago quarter, generating $3.8 of operating income. Oilfield waste volume in 2003 increased 5.1% on market share improvement while pricing was down slightly on changes in the mix of revenues. The revenue and earnings decline was the result of higher event-driven NORM (naturally occurring radioactive material) disposal revenues in the 2002 quarter.

Year-to-date revenues increased $2.9 million, or 8%, due primarily to 16% higher waste volumes received net of a 2.2% decline in average pricing due to changes in the mix of waste received. To date in 2003, segment operating contribution improved 68% to $9.0 million, equal to 22.2% of revenues, compared to $5.3 million, or 14.0% of revenues, a year earlier.

During the quarter, Newpark opened a disposal facility serving Wyoming's Jonah-Pinedale trend, and has committed to an expansion of that facility that is currently underway to double its capacity. "We are pleased with the initial response of customers and believe there is significant opportunity for Newpark in a major new natural gas play in North America," Cole stated.

Balance Sheet, Liquidity and Capital

Capital expenditures in the recent quarter totaled $5.6 million with capital spending for the remainder of the year expected to total approximately $3.0 million, keeping the total within this year's forecast depreciation total of $22 million. Depreciation and amortization charges totaled $5.3 million for the quarter.

Inventory levels increased $4 million in the quarter, concentrated in seasonal wood inventory and barite purchases as the company converts from consigned to an owned inventory. Newpark ended the quarter with $37.5 million of borrowings on its $100 million bank credit facility, down from $42.0 million at the end of the second quarter. Interest expense in the first nine months of 2002 benefited from a $2.1 million gain on settlement of an interest rate swap in the second quarter of that year. Excluding the swap transaction, interest expense would have been comparable between the two periods. At quarter-end, long-term debt amounted to 35.0% of capital, as Newpark continues towards a 30% target ratio.

About Newpark Resources, Inc.

Newpark 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.

FINANCIAL INFORMATION TABLES FOLLOW

The Company will host a conference call to discuss these results at 1:00 PM CST on Monday, November 10th. The conference call will be webcast and can be accessed by visiting Newpark's website at www.newpark.com .

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 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, and rescission or relaxation of governmental regulations, including in the discharge regulations recently implemented, 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)

	3Q03	3Q02
Revenue		
E&P Waste Disposal	$13,726	$14,209
Mat & Integrated Services	19,870	13,503
Drilling Fluids	61,997	51,694
	$95,593	$79,406
Operating Income		
E&P Waste Disposal	3,095	3,769
Mat & Integrated Services	(560)	(1,269)
Drilling Fluids	3,486	3,546
	6,021	6,046
Corporate G&A	861	1,328
Foreign currency (gain) loss	16	78
Interest income	(138)	(140)
Interest expense	3,719	3,510
Pre-tax	1,563	1,270
Income tax	779	565
Net income	784	705
Preferred stock dividends and accretion	338	674
Net income to common	$446	$31
Common share equiv's. (dil.)	81,042	73,260
Diluted EPS	$0.01	$---
EBITDA		
Net Income	$784	$705
Income Tax	779	565
Pre-tax	1,563	1,270
Interest	3,719	3,510
Depreciation & amortization	5,298	5,087
Total	$10,580	$9,867
% of Revenue	11.1%	12.4%
Waste Data (in thousands, except per barrel amounts)		
E&P waste volume	945	899
Average revenue per barrel	$12.41	$12.84
E&P revenue	$12,353	$12,187
NORM	803	1,468
Industrial	570	554
	$13,726	$14,209
Mat Rental Data - Gulf Coast (in thousands, except per square foot amounts)		
Installation	$2,851	$3,414
Re-rental	2,486	818
Total	$5,337	$4,232

Average price per square foot - oilfield	$0.72	$0.54
Square feet installed (MM)	3.9	2.7

Drilling Fluids Data

Average Rigs Serviced (North America)	133	126
Annualized revenue per rig (000's)	$1,522	$1,440

Newpark Resources, Inc.
Year-Ago Nine Month Comparison
(in thousands, except per share amounts)

	9 Months 03	9 Months 02
Revenue		
E&P Waste Disposal	$40,374	$37,469
Mat & Integrated Services	68,934	53,051
Drilling Fluids	169,244	141,551
	$278,552	$232,071
Operating Income		
E&P Waste Disposal	$8,960	5,326
Mat & Integrated Services	2,796	1,404
Drilling Fluids	9,117	11,056
	20,873	17,786
Corporate G&A	2,967	4,462
Foreign currency (gain) loss	(757)	3
Interest income	(570)	(488)
Interest expense	11,412	8,453
Pre-tax	7,821	5,356
Income tax	3,132	2,036
Net income	4,689	3,320
Preferred stock dividends and accretion	1,246	3,554
Net income (loss) to common	$3,443	$(234)
Common share equiv's. (dil.)	79,499	71,879
Diluted EPS	$0.04	$(0.00)
EBITDA		
Net income	$4,689	$3,320
Income tax	3,132	2,036
Pre-tax	7,821	5,356
Interest	11,412	8,453
Depreciation & amortization	16,050	16,742
Total	$35,283	$30,551
% of Revenue	12.7%	13.2%

Waste Data (in thousands, except
per barrel amounts)

E&P waste volume	2,740	2,354
Average revenue per barrel	$12.63	$12.92
E&P revenue	$36,554	$32,419
NORM	2,205	3,359
Industrial	1,615	1,691
	$40,374	$37,469

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

Installation	$12,548	$8,265
Re-rental	$6,804	3,875
Total	$19,352	$12,140
Average price per square foot - oilfield	$0.87	$0.60
Square feet installed (MM)	12.6	10.2

Drilling Fluids Data

Average Rigs Serviced (North America)	136	123
Annualized revenue per rig (000's)	$1,385	$1,534

Consolidated Balance Sheets
(Unaudited)
(In thousands)

	Sept. 30, 2003	Dec. 31, 2002
ASSETS		
Current assets:		
Cash and cash equivalents	$3,697	$2,725
Trade accounts receivable, net of allowance	93,816	97,657
Notes and other receivables	5,586	3,307
Inventories	76,192	55,473
Deferred tax asset	10,052	11,094
Other current assets	9,730	10,039
Total current assets	$199,073	$180,295
Property, plant and equipment, at cost, net of accumulated depreciation	207,546	204,703
Goodwill	113,092	110,727
Deferred tax asset	7,489	8,950
Other intangible assets, net of accumulated amortization	15,330	15,786
Other assets	20,839	21,795
	$563,369	$542,256
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Foreign bank lines of credit	$7,797	$6,621
Current maturities of long-term debt	3,092	3,258
Accounts payable	38,202	35,568
Accrued liabilities	27,280	18,414
Total current liabilities	$76,371	$63,861
Long-term debt	169,654	172,049
Other non-current liabilities	1,742	923
Commitments and contingencies	---	---
Stockholders' equity:		
Preferred Stock	30,000	41,875
Common Stock	810	777
Paid-in capital	390,390	376,278
Unearned restricted stock compensation	(915)	(281)
Accumulated other comprehensive income	4,240	(864)
Retained deficit	(108,923)	(112,362)
Total stockholders' equity	315,602	305,423
	$563,369	$542,256
Ratio of long-term debt to total capital	35.0%	36.0%

SOURCE Newpark Resources, Inc.
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ST: Louisiana
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