



Newpark Resources Reports Weather Impacted Third Quarter and Nine Months Earnings

October 25, 2004

METAIRIE, La., Oct. 25 /PRNewswire-FirstCall/ -- Newpark Resources, Inc. (NYSE: NR) today announced that it earned net income of \$735,000, equal to \$0.01 per diluted share, on revenue of \$110.8 million for the quarter ended September 30, 2004. This compares to net income of \$446,000, or \$0.01 per diluted share, on revenue of \$95.6 million for the third quarter of 2003.

For the nine months ended September 30, 2004, Newpark earned net income of \$3,492,000, or \$.04 per share, on revenue of \$319.7 million. This compares to net income of \$3,444,000, equal to \$.04 per share, and revenue of \$278.6 million for the nine months ended September 30, 2003.

James D. Cole, Newpark's Chairman and CEO, stated: "Newpark's third- quarter earnings were negatively impacted by approximately \$0.05 per share as a result of unusual weather conditions affecting two key market areas during the period. In the Gulf of Mexico market, Hurricanes Frances and Ivan and other tropical systems interrupted operations throughout the market and delayed new project starts during the period. This directly impacted our environmental business, which experienced a sequential decline in drilling- related revenue due to weather-related disruption of operations with a net income effect of \$0.01 per share. The impact in the matting segment was approximately \$0.02 per share, including both oilfield drilling projects and non-oilfield mat rental operations. Newpark's non-oilfield rentals are a relatively new line of business, focused primarily on providing site access for electrical transmission line upgrades and maintenance. Much of that industry's capacity was diverted to Florida and adjacent storm-affected areas of the southeast for emergency repair operations throughout the recent quarter."

"Drilling Fluids operations in the Gulf of Mexico market were burdened with a significant number of non-revenue days as storms shut in operations for a portion of the period. In addition, the unusually wet weather that persisted in western Canada throughout the quarter delayed rig moves and the start of new projects. While total revenue and earnings in the segment were up sharply on a sequential basis, identified project delays affected the period by the net income equivalent of \$0.02 per share. Gulf of Mexico operations have subsequently rebounded to a level consistent with the improvement forecast by the Company for the third quarter and should be demonstrated in Newpark's fourth quarter results," he concluded.

Drilling Fluids Sales & Engineering

Third quarter segment revenue increased 25% to \$71.4 million compared to \$57.1 million in the year ago period. Operating income doubled to \$5.0 million or 7% of revenue versus \$2.8 million and 4.9% of revenue in the third quarter of 2003. For the nine months to date, Drilling Fluids revenue of \$196.0 million grew 24% compared to the year-ago period. Profitability for the nine months improved to \$13.8 million, or 7% of revenue, versus \$8.7 million or 5.5% in the prior year. Third quarter margins were negatively impacted by a sharp increase in barite costs. Pricing adjustments are now under way which will improve margins over the next several quarters. In addition to barite, pricing for other products and services are also being increased across the company.

"The revenue growth tracks the increased acceptance of Newpark's high- performance water-based fluids in the U.S. market," Cole said, "which is reflected in the increase in market share that we have achieved. Newpark's rig share in the key US markets served by the company improved to 19% in the quarter from 13% a year ago. We have achieved a strong market position, and will now focus on improving pricing and margins, including selected infrastructure cost improvements made possible due to the recent higher activity level."

Mat Sales and Rentals

The mat segment revenue in the third quarter was \$24.0 million, an increase of 21% from the 2003 quarter, producing an operating profit of \$1.2 million. This compares to a loss of \$0.6 million in the year-ago quarter on revenues of \$19.9 million. Compared to the year-ago quarter, current period results benefited from increased sales of composite mats and increased mat rentals to customers outside of the company's traditional oilfield market, a focus of expected future revenue growth. These two product lines accounted for the earnings improvement. Non-oilfield rentals are concentrated in the electric power transmission market. While generating \$1.8 million of revenue in the quarter, this industry was negatively impacted by recent weather events as operations moved to emergency repair work in Florida and other storm- damaged areas. As a result, activity in this sub-market is not expected to fully recover until early 2005. Gulf Coast oilfield rental revenue was similar on better pricing but lower volume in the quarter due to project delays. Further pricing improvement is anticipated in the oilfield market during 2005.

For the nine months just ended, mat revenues totaled \$76.1 million, rising 10% from the year ago period. The year-to-year revenue gain arose from increased composite mat sales, which rose by \$10.4 million, and non-oilfield rentals, which accounted for \$3.1 million of the increase. These were partially offset by lower volume of extended rentals reflecting the changing mix of drilling in the Gulf Coast land market. Year to date, segment operating income was \$4.2 million compared to \$2.8 in 2003.

Cole commented, "The outlook for improvement in the segment is focused on efforts currently underway to further improve oilfield rental pricing and to complete implementation of a plan already in process to reduce fixed costs by a net of \$700,000 per month by mid-year 2005. In addition, we will continue to focus on expanding non-oilfield rentals and DuraBase(TM) and Bravo(TM) composite mat sales worldwide."

E&P Waste Disposal

Tropical weather in the quarter constrained revenue and earnings within the E&P Waste segment. Revenue totaled \$15.4 million, down 17% from the \$18.6 million reported in the corresponding quarter of 2003. Waste volumes in the quarter were 32% below the prior year level due to both lower average drilling activity in the offshore Gulf of Mexico and the effects of tropical weather in the recent quarter. Pricing was stable across the period, with a small decline in average revenue per barrel due to changes in the mix of waste received. "E&P volume from drilling projects in the third quarter was 640,000 barrels, a 25% sequential decline from the second quarter in a product line that carries very high incremental margins," Cole said, adding, "Waste volume has recovered thus far in the fourth quarter."

For the year to date, segment revenue has totaled \$47.6 million, a decline of \$3.4 million or 7% compared to the prior year. Oilfield waste volume for the nine months was 2.3 million barrels, a decline of 467,000 compared to the same period of 2003, with most of that difference arising in the third quarter. Average revenue per barrel has trended downward due to the decline in premium-priced offshore work and has averaged \$11.90 to date compared to \$12.63 in the 2003 period.

"We believe that the outlook for the historic revenue stream within the E&P Waste segment is stable, tied largely to Gulf Coast rig activity. We do not see this activity as growing in the near term. Our current task is to further reduce our cost structure to improve profitability in the Gulf Coast market," Cole said, continuing, "Revenue growth will come from new water treatment markets that we are entering with new and proprietary treatment technology for beneficial reuse of wastewater. The first such unit is scheduled for late October delivery at our disposal facility in Wyoming's Jonah-Pinedale field. Each water treatment unit must be specifically engineered to the customer's project, and can range in capacity from several thousand to several hundred thousand barrels per day. We are currently working with several customers to define their project requirements for this new technology and expect to be active in this new market during 2005."

Liquidity and Balance Sheet

During the quarter, Newpark closed a \$15 million project financing of its recently completed barite mill, and \$6.7 million in support of the new mat rental operation in Mexico. Proceeds from these transactions were applied to reduce advances under Newpark's bank credit facility. Borrowings under that facility were \$31.3 million at September 30, with \$28.4 million available for cash advances and \$10.8 million of letters of credit outstanding.

Additions to property, plant and equipment included the transfer of \$6.8 million of mats from inventory to equip our Mexican rental operation. Capital expenditures in the quarter were \$6.5 million, concentrated in infrastructure expansion in the drilling fluids business and acquisition of new water treatment equipment supporting a new business initiative, bringing the year-to-date total to \$13.8 million, consistent with the Company's anticipated annual spending plan.

Corporate costs rose by \$1.1 million compared to the same quarter of 2003, with the increase composed primarily of \$400,000 of litigation costs in a case initiated by Newpark to protect certain confidential business data that was settled in August, increased insurance costs similar in amount, and start-up costs of \$250,000 associated with the new Mexican mat rental operation. Year-to-date, corporate costs are \$3.7 million higher than 2003, due principally to the \$2.3 million cost of the previously mentioned litigation and the start-up costs of the Mexican operations.

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

TWO PAGES OF FINANCIAL DATA FOLLOW

Investor Conference Call

Newpark will host a conference call at 10:30 AM EDT on Tuesday, October 26th to discuss these results and the outlook for the company. Investors may access the conference call by dialing (800) 862-9098. The call will be webcast and can be accessed from Newpark's Investor Relations page at <http://www.newpark.com>.

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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 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 <http://www.sec.gov>, as well as through our Website, <http://www.newpark.com>.

Newpark Resources, Inc.
Consolidated Statements of Operations
For the Three and Nine Month Periods Ended September 30

(Unaudited)	Three Months Ended		Nine Months Ended	
(In thousands, except per share data)	September 30,		September 30,	
	2004	2003	2004	2003
Revenue: □				
Drilling fluids	\$71,448	\$57,089	\$196,041	\$158,589
E&P waste disposal	15,363	18,634	47,619	51,028
Mat & integrated services	23,979	19,870	76,072	68,935
	110,790	95,593	319,732	278,552
Operating income:				
Drilling fluids	4,978	2,791	13,778	8,666
E&P waste disposal	1,243	3,908	5,612	9,690
Mat & integrated services	1,168	(560)	4,232	2,796
	7,389	6,139	23,622	21,152
General and administrative expenses	2,122	979	6,993	3,245
Operating income	5,267	5,160	16,629	17,907
Foreign currency (gain) loss	76	16	218	(757)
Interest income	(118)	(138)	(1,255)	(570)
Interest expense	3,760	3,719	10,884	11,412
Income before income taxes	1,549	1,563	6,782	7,822
Provision for income taxes	589	779	2,577	3,132
Net income	960	784	4,205	4,690
Less: □				
Preferred stock dividends	225	338	713	1,246
Net income applicable to common and common equivalent shares	\$735	\$446	\$3,492	\$3,444
Basic and diluted income per common and common equivalent shares	\$0.01	\$0.01	\$0.04	\$0.04
Depreciation and Amortization	\$5,148	\$5,298	\$15,340	\$16,050
Drilling Fluids Data				
Average Rigs Serviced (North America)	190	133	170	136
Annualized Revenue per Rig (000's)	\$1,258	\$1,2801	\$1,240	\$1,198
E&P Waste Disposal Data				
Gulf Coast E&P Waste Volume				

(barrels in 000's)	701	945	2,354	2,740
Average Revenue per Barrel	\$11.97	\$12.41	\$11.90	\$12.63
Gulf Coast E&P Revenue				
(millions)	\$9.3	\$11.9	\$29.2	\$35.1
Mat Rental Data (Gulf Coast)				
Installation Revenue				
(millions)	\$3.5	\$2.9	\$12.3	\$12.5
Re-rental Revenue				
(millions)	\$1.5	\$2.3	\$4.4	\$6.6
Average Price (per square foot)	\$1.04	\$0.72	\$0.97	\$0.85
Volume (million square feet installed)	3.4	3.9	12.7	12.6

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

(In thousands, except share data)

	September 30, 2004	December 31, 2003
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ASSETS □

Current assets:

Cash and cash equivalents	\$4,331	\$4,692
Restricted cash	---	8,029
Trade accounts receivable, net	107,923	99,948
Notes and other receivables	5,250	5,428
Inventories	71,529	74,846
Deferred tax asset	11,400	8,698
Prepaid expenses and other current assets	11,744	8,510
Total current assets	212,177	210,151

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

Goodwill	205,682	206,238
Deferred tax asset	115,454	115,869
Other intangible assets, net of accumulated amortization	4,160	8,778
Other assets	15,766	14,947
	21,261	19,517
	\$574,500	\$575,500

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Foreign bank lines of credit	\$6,637	\$10,610
Current maturities of long-term debt	3,896	3,259
Accounts payable	36,016	40,479
Accrued liabilities	26,858	21,894
Total current liabilities	73,407	76,242

Long-term debt, less current portion	180,496	183,600
Other non-current liabilities	2,706	1,697

Stockholders' equity:

Preferred Stock	20,000	30,000
Common Stock	839	811
Paid-in capital	401,737	390,788
Unearned restricted stock compensation	(555)	(803)
Accumulated other comprehensive income	4,245	5,033
Retained deficit	(108,375)	(111,868)
Total stockholders' equity	317,891	313,961
	\$574,500	\$575,500

SOURCE Newpark Resources, Inc.

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/Web site: <http://www.newpark.com> /

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CO: Newpark Resources, Inc.

ST: Louisiana

IN: OIL

SU: ERN CCA MAV

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