



Newpark Resources Presentation

November 2011

Forward-Looking Statements



This presentation contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act that are based on management's current expectations, estimates and projections. All statements that address expectations or projections about the future, including Newpark's strategy for growth, product development, market position, expected expenditures and financial results are forward-looking statements. Some of the forward-looking statements may be identified by words like "expects," "anticipates," "plans," "intends," "projects," "indicates," and similar expressions. These statements are not guarantees of future performance and involve a number of risks, uncertainties and assumptions. Many factors, including those discussed more fully elsewhere in this presentation and in documents filed with the Securities and Exchange Commission by Newpark, particularly its Annual Report on Form 10-K, its Quarterly Reports on Form 10-Q, as well as others, could cause results to differ materially from those stated. These risk factors include, but are not limited to, the impact of restrictions on offshore drilling activity in the Gulf of Mexico, our customer concentration, particularly in our Mats and Integrated Services segment, the cyclical nature of our industry, the availability of raw materials, including barite ore, the availability of skilled personnel, our market competition, the cost and continued availability of borrowed funds, our international operations, political and social unrest in North Africa and the Middle East, legal and regulatory matters, including environmental regulations, inherent limitations in insurance coverage, potential impairments of long-lived intangible assets, technological developments in our industry, the impact of severe weather, particularly in the U.S. Gulf Coast and our ability to successfully integrate the business acquired from Rheochem and to realize the anticipated benefits from the acquisition. Newpark's filings with the Securities and Exchange Commission can be obtained at no charge at www.sec.gov, as well as through our website at www.newpark.com.

Company Overview



► Specialized provider of:

- Fluids Systems and Engineering
- Mats and Integrated Services
- Environmental Services

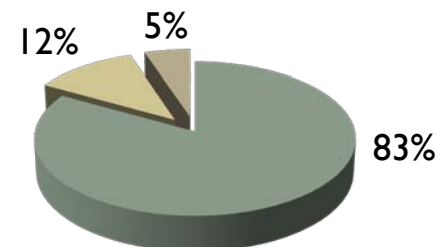
► Customers:

- Oil and Gas Industry

► Key geographic markets:

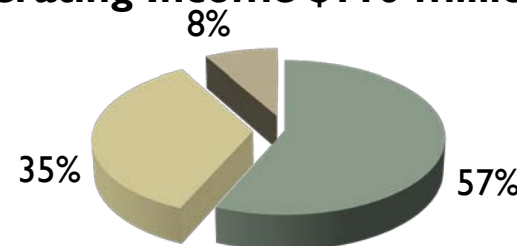
- North America
- EMEA
- Latin America
- Asia Pacific

Nine Months 2011 Revenue \$695 million



- Fluids Systems and Engineering
- Mats and Integrated Services
- Environmental Services

Nine Months 2011 Segment Operating Income \$116 million



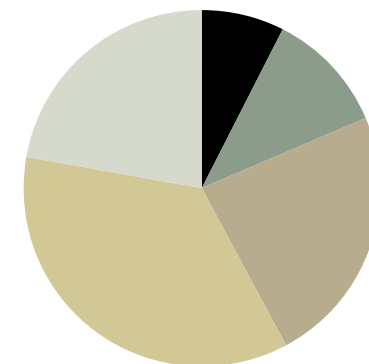
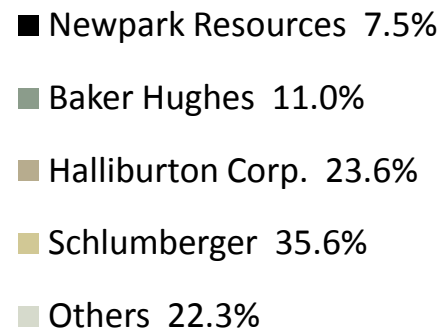
Drilling Fluids – Market Share



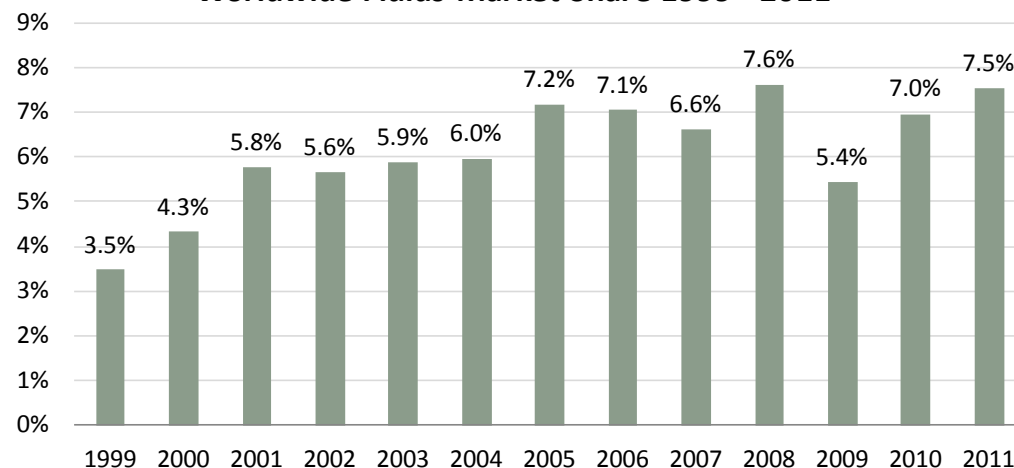
- ▶ **Demonstrated our ability to grow worldwide market share over the past decade**
- ▶ **Growth has been driven by independents, major international oil companies and national oil companies**
- ▶ **Projected to be the third largest drilling fluids provider in North America in 2011 (based on Spears estimates and Company data)**

2011 Worldwide Fluids Market

\$10 billion market



Worldwide Fluids Market Share 1999 - 2011



Source: Spears & Associates - Oilfield Market Report, October 2011



► Focused on providing customized solutions for E&P operators to improve their drilling economics

- Offshore - Deepwater and Shelf
 - In early 2011, completed an offshore well for a major IOC in over 7000 feet of water
- Land – Conventional and Unconventional Formations

► Proprietary and Patented Technology

- High Performance Water-Based Systems
- High Performance Synthetic-Based Systems
- Traditional and Hybrid Oil-Based Systems



Technology



- ▶ **New water based system, *Evolution*TM, used successfully in the U.S. shale plays**
 - ▶ Yields improved rate of penetration; reduced operating expense (rig time and waste disposal)
 - ▶ Since beginning of 2010, more than 400 wells have used *Evolution*; \$44 million of revenues in first nine months of 2011
 - ▶ Won 2010 *World Oil* magazine innovation award for “Best Drilling, Completions & Production Fluids” and Hart’s *E&P* magazine *Special Meritorious Award for Engineering Innovation*.
- ▶ **Newpark recognized by EnergyPoint Research, an independent customer service survey company.**
 - ▶ Rated 1st in shale-oriented applications
 - ▶ Rated 1st in HS&E policies and practices
 - ▶ Rated 1st in drilling fluids products
 - ▶ Rated 1st in availability and delivery

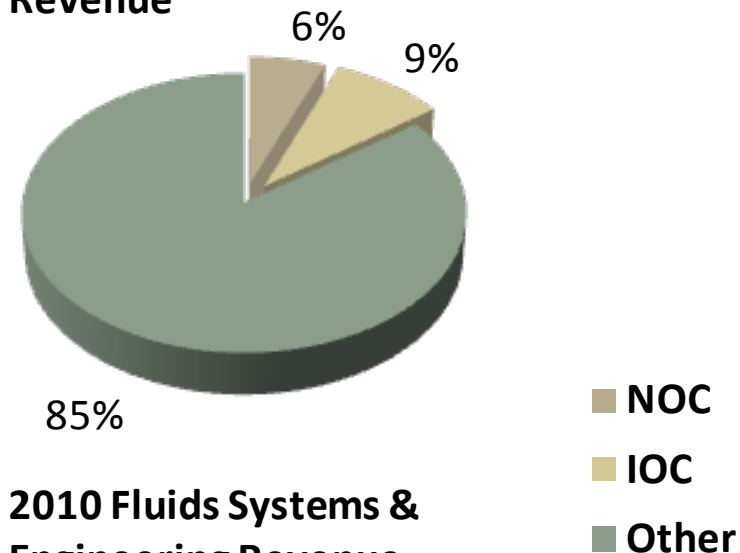


Customer Revenue Mix

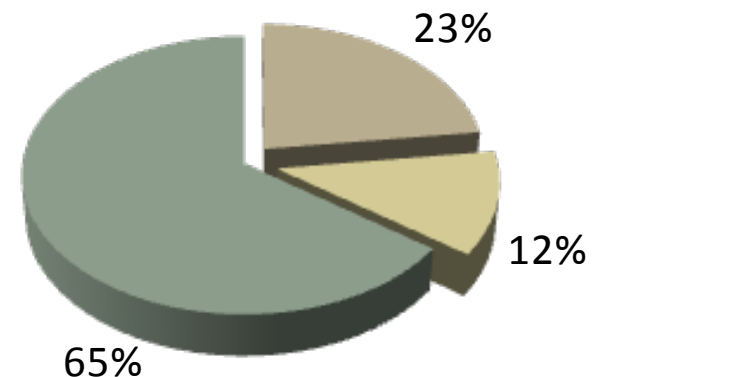


- ▶ **Growth with IOC's and NOC's**
- ▶ **Results of strategic shift started in 2006**
- ▶ **Focus on IOC's and NOC's**
- ▶ **Why?**
 - ▶ Less competition versus independents
 - ▶ Longer investment horizons (stability)
 - ▶ Longer-term contracts

2006 Fluids Systems & Engineering Revenue



2010 Fluids Systems & Engineering Revenue

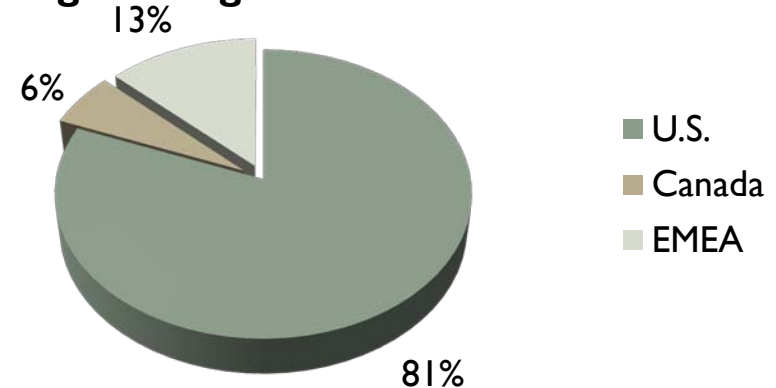


International Revenue Growth/Mix

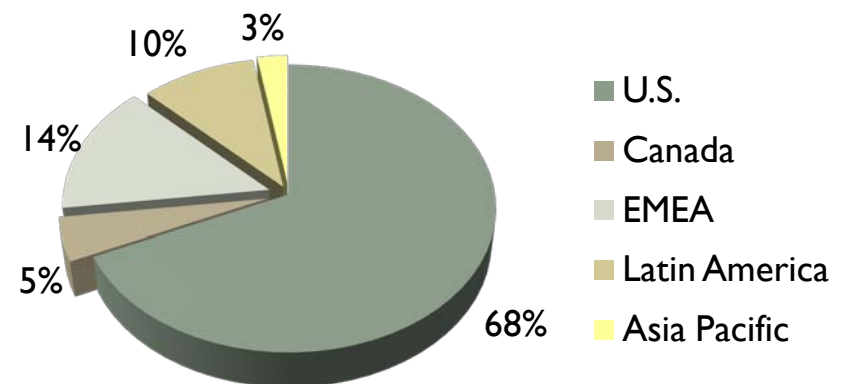


- ▶ **Focused on driving balance between North American and International revenues**
- ▶ **International expansion provides greater stability**
 - ▶ Longer investment horizons
 - ▶ Lower concentrations in individual markets, reducing exposure to individual market dynamics

2006 Fluids Systems & Engineering Revenue



Nine Months 2011 Fluids Systems & Engineering Revenue



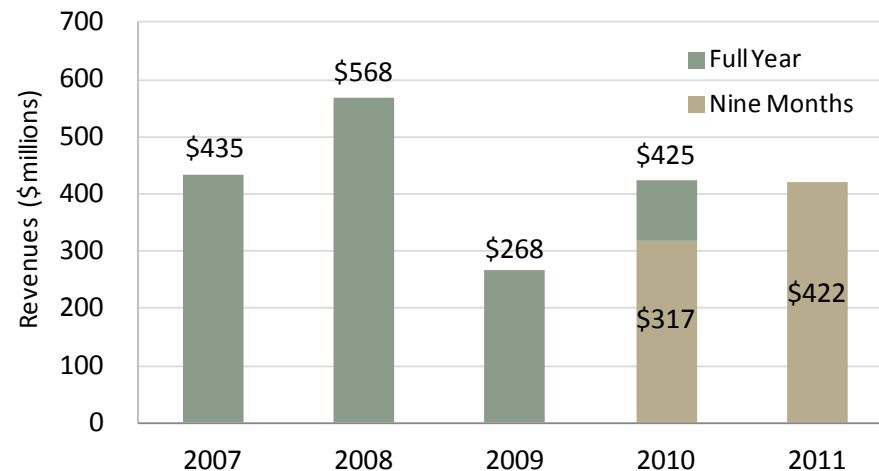
Fluids Systems and Engineering - North America



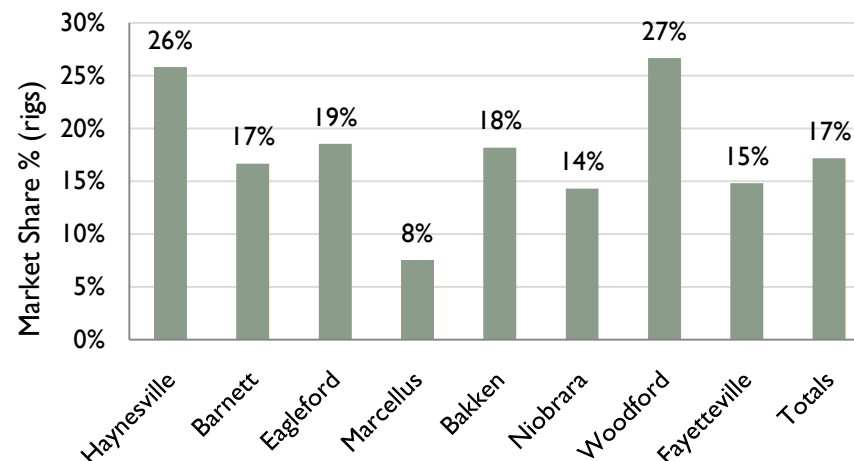
- ▶ Serves most all North American basins
- ▶ Approximately 15% share of total U.S. markets served in through first nine months of 2011¹
- ▶ Introduced Evolution™ for use in Barnett, Bakken, Piceance and Eagle Ford Shales; expanding into Marcellus
- ▶ Approximately 17% share of the U.S. shale markets¹



North American Revenues



Shale Play Market Share % (Third Quarter 2011)¹



Fluids Systems and Engineering - EMEA



► Core Markets

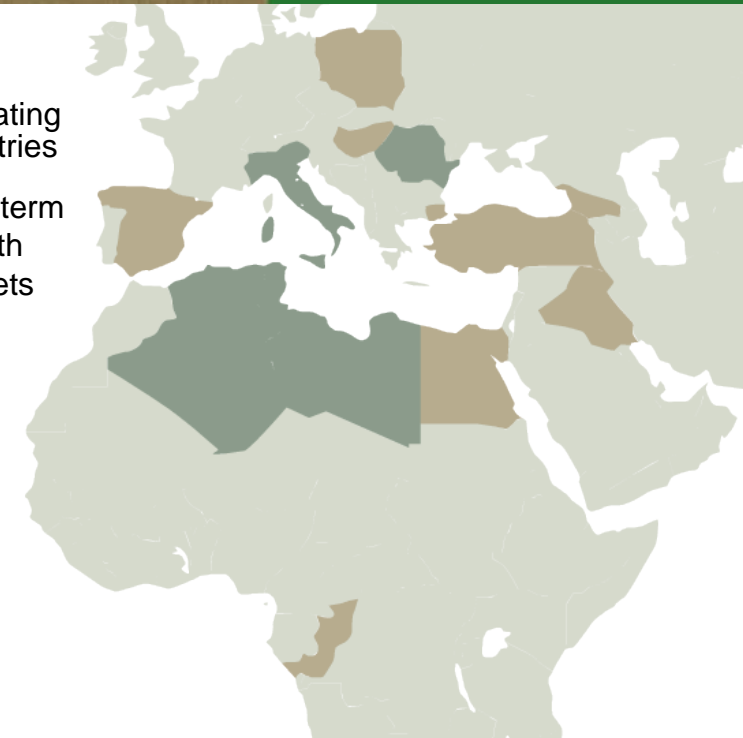
- Italy, Algeria, Tunisia, Romania

► Near-Term Growth Markets

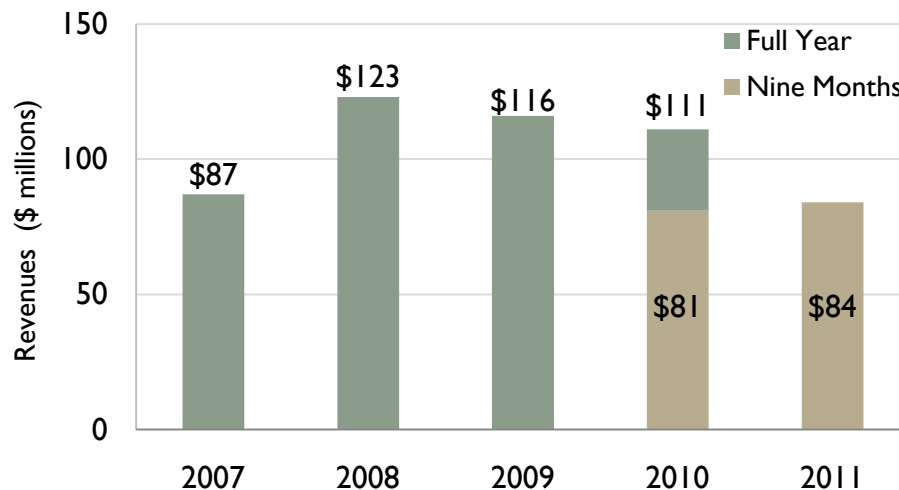
- Hungary, Kurdistan (Iraq), Spain, Poland, Turkey

► Despite loss of Libya revenue, region on pace to exceed 2010

- Core Operating Countries
- Near-term Growth Markets



EMEA Revenues



NIPPON OIL
Your Choice of Energy

Fluids Systems and Engineering - Latin America

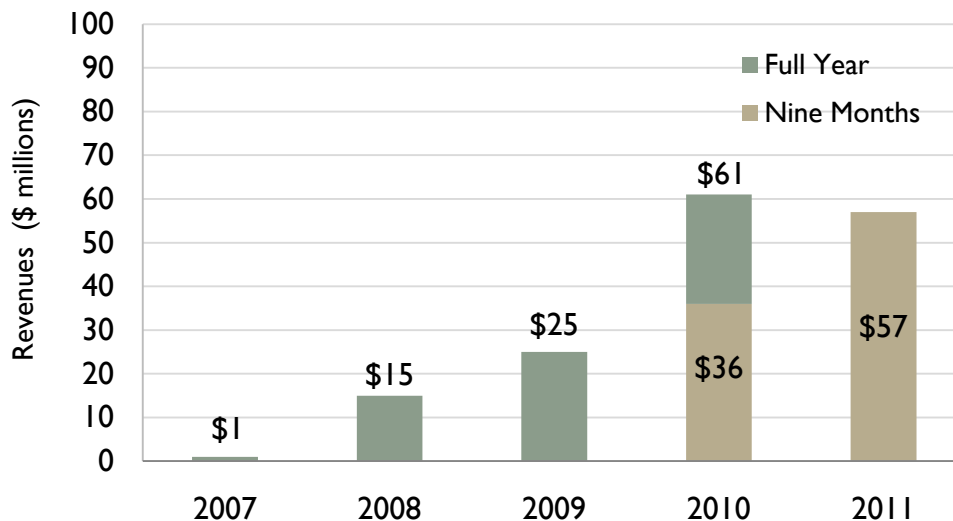


► **2nd largest drilling fluids capacity in Brazil**

► **Taking steps to improve profitability**

- ▶ Expand work with IOCs
- ▶ Focus on proprietary products such as DeepDrill

Latin America Revenues



Fluids Systems and Engineering - Asia Pacific



► Acquisition of Rheochem drilling fluids business in April 2011

- Australia
- New Zealand
- India

► Markets:

- Offshore
- Onshore
- Geothermal
- Coal Bed Methane

► Purchase price of \$29 million with one-year earn out potential based on EBITDA up to additional \$19 million (at current exchange rates)

► Contributed \$15 million in revenues since the acquisition in April



Mats and Integrated Services



▶ New environmental applications drove growth in 2010 and 2011

- ▶ Use of composite mats to minimize adverse impacts of land drilling

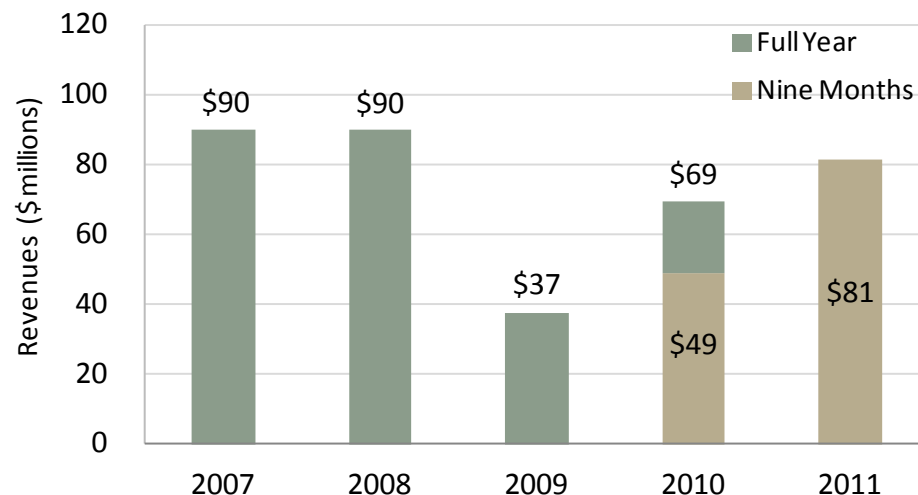
▶ Growth through new markets for mat rentals and sales

- ▶ Northeast U.S.
- ▶ Bakken
- ▶ International

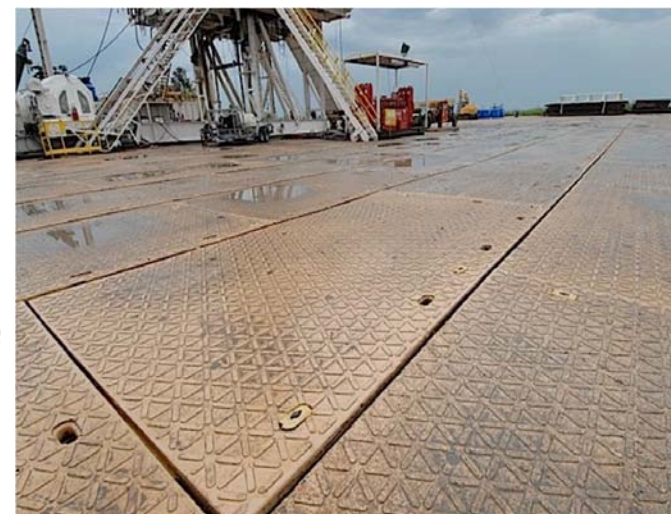
▶ Broadening Rental Customer Base

- ▶ Moving mats out of Northeast to Gulf Coast and Bakken, improving diversification
- ▶ Mats expected to be fully re-deployed by the end of 2011

Mats and Integrated Services Revenues



PETROBRAS



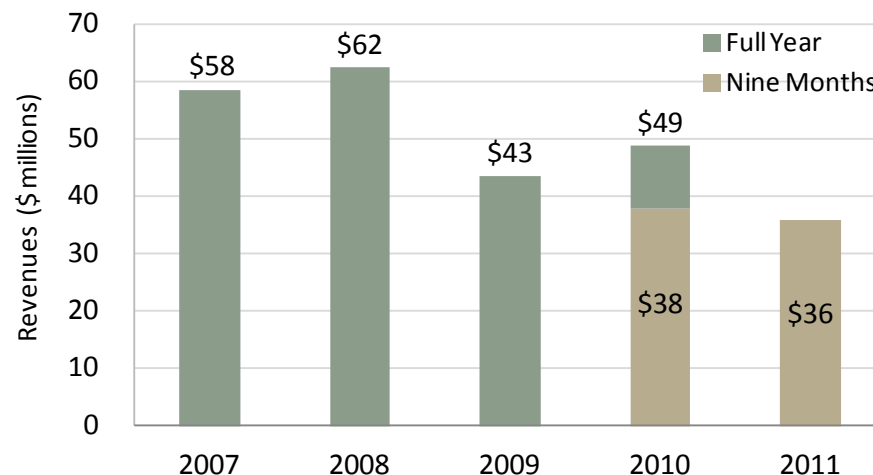
Environmental Services



- ▶ **Processes and disposes of E&P waste**
 - ▶ Non-hazardous oilfield waste
- ▶ **Leading market position in U.S. Gulf Coast**
 - ▶ Uses low pressure injection technology
 - ▶ Waste disposed into unique geological structures underground
- ▶ **Impacted by Gulf of Mexico Permitting Delays**
 - ▶ Replacing deepwater declines with land-based gains
 - ▶ Gulf recovery dependent on pace of permitting



Environmental Services Revenues

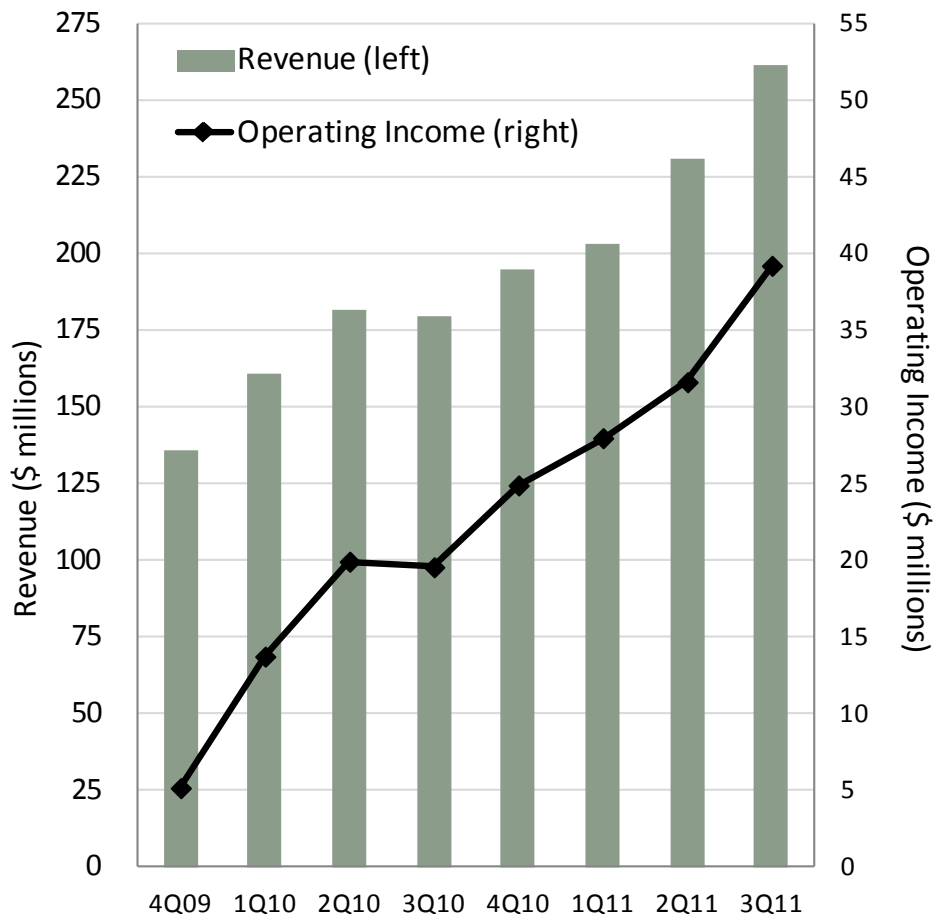


Third Quarter 2011



► Operating performance

- ▶ Record revenues of \$261 million in Q3 2011, up 13% from Q2 2011 and 46% from a year ago
- ▶ EPS of 23¢ in Q3 compared to 19¢ in Q2 and 9¢ a year ago. Net income of \$23 million is highest reported quarterly net income in Newpark's history
- ▶ U.S. Fluids market share was 16% in Q3 2011. Canadian revenues increased \$10 million from Q2.
- ▶ Mats revenues grew 9% from Q2, driven by strong composite mat sales; redeploing Marcellus mats.
- ▶ Environmental revenues increased 26% from Q2, due to state and inland volumes as well as several large jobs.



Capital Structure



► Solid balance sheet

- Debt/Capitalization ratio of 26.8%
- Cash balance of \$63 million at September 30, 2011

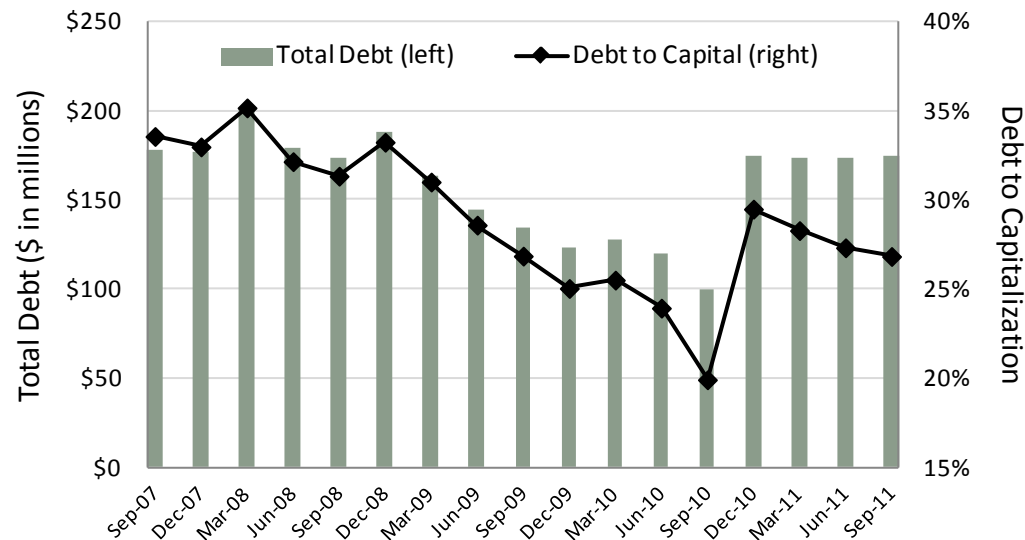
► Convertible notes terms

- Interest rate of 4%
- Conversion price of \$11.00 per share
- No financial covenants
- Matures 2017

Capital Structure - September 30, 2011

\$ in millions

Convertible Senior Notes	\$ 172.5
Other	2.0
Total Debt	174.5
Equity	475.7
Total Capitalization	\$ 650.2
 Debt / Capitalization	 26.8%

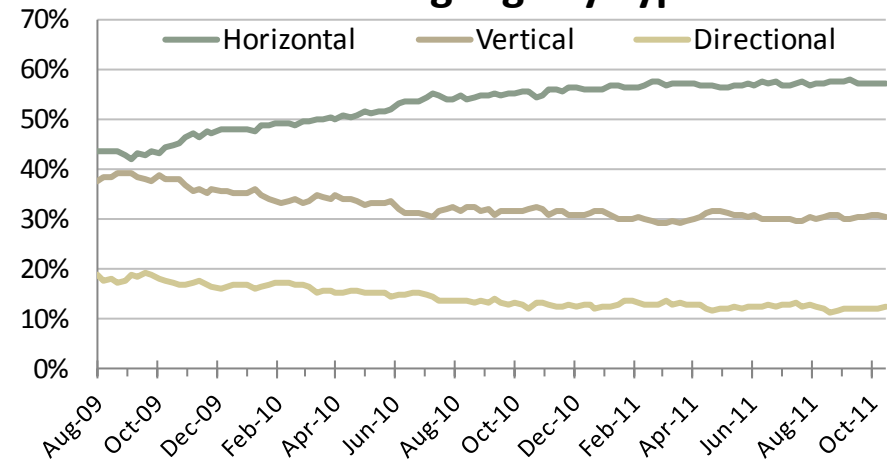


Outlook

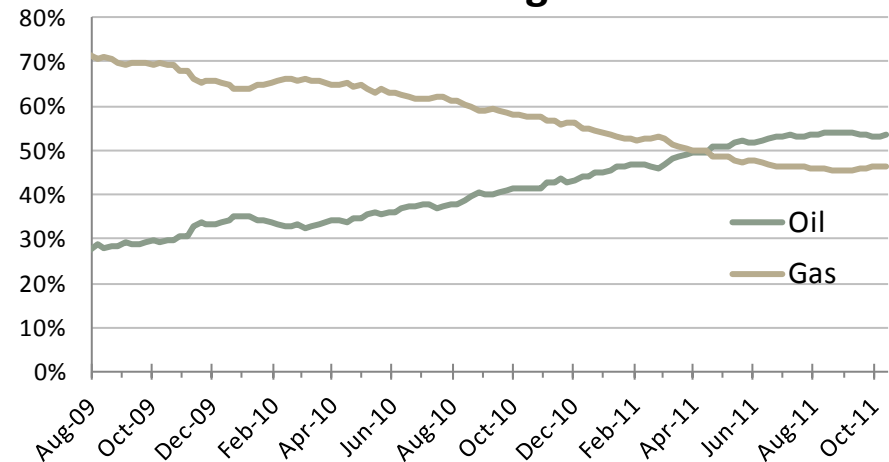


- ▶ **Oil & gas liquids driving U.S. drilling activity**
 - ▶ We are participating in the move toward liquids
- ▶ **Evolution™ Technology**
 - ▶ Continue deploying across North America
- ▶ **Continue international growth - build on recent success in Brazil and Rheochem acquisition**
- ▶ **Work to re-deploy available mats to customers in other locations**
- ▶ **Return of drilling in the Gulf of Mexico should benefit our fluids and environmental services businesses**

U.S. Drilling Rigs by Type*



Oil vs Gas Rig Mix*



Appendix



Financials



Newpark Resources, Inc. Consolidated Statements of Operations

(Unaudited)

Three Months Ended

	September 30, 2011	June 30, 2011	September 30, 2010
(In thousands, except per share data)			
Revenues	\$ 261,193	\$ 230,822	\$ 179,278
Cost of revenues	201,272	178,911	145,224
Selling, general and administrative expenses	20,802	21,150	16,662
Other operating income, net	<u>(60)</u>	<u>(835)</u>	<u>(2,140)</u>
Operating income	39,179	31,596	19,532
Foreign currency exchange loss (gain)	485	(468)	1,184
Interest expense, net	<u>2,464</u>	<u>2,100</u>	<u>3,278</u>
Income from operations before income taxes	36,230	29,964	15,070
Provision for income taxes	<u>13,233</u>	<u>10,684</u>	<u>6,836</u>
Net income	<u>\$ 22,997</u>	<u>\$ 19,280</u>	<u>\$ 8,234</u>
Income per common share - basic	\$ 0.25	\$ 0.21	\$ 0.09
Income per common share - diluted	\$ 0.23	\$ 0.19	\$ 0.09

Financials



Newpark Resources, Inc.
Consolidated Balance Sheets

(Unaudited)

(In thousands, except share data)	September 30, 2011	December 31, 2010
ASSETS		
Cash and cash equivalents	\$ 62,902	\$ 83,010
Receivables, net	253,595	196,799
Inventories	156,445	123,028
Deferred tax asset	13,230	27,654
Prepaid expenses and other current assets	17,052	10,036
Total current assets	<u>503,224</u>	<u>440,527</u>
Property, plant and equipment, net	228,866	212,655
Goodwill	74,881	62,307
Other intangible assets, net	21,908	13,072
Other assets	7,863	8,781
Total assets	<u>\$ 836,742</u>	<u>\$ 737,342</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Short-term debt	\$ 1,635	\$ 1,606
Accounts payable	94,672	66,316
Accrued liabilities	51,015	43,234
Total current liabilities	<u>147,322</u>	<u>111,156</u>
Long-term debt, less current portion	172,908	172,987
Deferred tax liability	36,526	31,549
Other noncurrent liabilities	4,332	4,303
Total liabilities	<u>361,088</u>	<u>319,995</u>
Common stock, \$0.01 par value, 200,000,000 shares authorized 93,937,660 and 93,143,102 shares issued, respectively	939	931
Paid-in capital	474,043	468,503
Accumulated other comprehensive income	3,605	8,581
Retained earnings (deficit)	13,097	(45,034)
Treasury stock, at cost; 2,798,940 and 2,766,912 shares, respectively	(16,030)	(15,634)
Total stockholders' equity	<u>475,654</u>	<u>417,347</u>
Total liabilities and stockholders' equity	<u>\$ 836,742</u>	<u>\$ 737,342</u>

Financials



Newpark Resources, Inc. Operating Segment Results

(Unaudited)	Three Months Ended		
	September 30, 2011	June 30, 2011	September 30, 2010
(In thousands)			
Revenues			
Fluids systems and engineering	\$ 216,160	\$ 191,205	\$ 148,140
Mats and integrated services	30,179	27,793	18,186
Environmental services	14,854	11,824	12,952
Total revenues	<u>\$ 261,193</u>	<u>\$ 230,822</u>	<u>\$ 179,278</u>
Operating income (loss)			
Fluids systems and engineering	\$ 25,648	\$ 20,792	\$ 11,845
Mats and integrated services	14,509	14,730	8,592 (1)
Environmental services	4,958	2,980	3,944
Corporate office	(5,936)	(6,906)	(4,849)
Total operating income	<u>\$ 39,179</u>	<u>\$ 31,596</u>	<u>\$ 19,532</u>
Segment operating margin			
Fluids systems and engineering	11.9%	10.9%	8.0%
Mats and integrated services	48.1%	53.0%	47.2%
Environmental services	33.4%	25.2%	30.5%

(1) Includes \$2.2 million of income reflecting proceeds from the settlement of a lawsuit.

Financials



Newpark Resources, Inc.
Consolidated Statements of Cash Flows

(Unaudited) (In thousands)	<u>Nine Months Ended September 30,</u>	
	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Net income	\$ 58,131	\$ 26,856
Adjustments to reconcile net income to net cash provided by (used in) operations:		
Impairment charges	-	225
Depreciation and amortization	21,162	20,382
Stock-based compensation expense	3,396	2,899
Provision for deferred income taxes	16,363	13,551
Provision for doubtful accounts	1,165	602
Loss (gain) on sale of assets	22	(183)
Change in assets and liabilities:		
Increase in receivables	(57,603)	(54,568)
Increase in inventories	(27,921)	(3,100)
Increase in other assets	(5,226)	(1,458)
Increase in accounts payable	28,893	6,638
(Decrease) increase in accrued liabilities and other	(3,655)	14,264
Net cash provided by operating activities	<u>34,727</u>	<u>26,108</u>
Cash flows from investing activities:		
Capital expenditures	(28,136)	(7,412)
Business acquisition, net of cash acquired	(26,775)	-
Proceeds from sale of property, plant and equipment	434	1,161
Net cash used in investing activities	<u>(54,477)</u>	<u>(6,251)</u>
Cash flows from financing activities:		
Borrowings on lines of credit	5,891	133,121
Payments on lines of credit	(5,754)	(155,726)
Proceeds from employee stock plans	1,768	3,559
Purchase of treasury stock	(599)	(153)
Post-closing payment for business acquisition	(2,055)	-
Other financing activities	(147)	(342)
Net cash used in financing activities	<u>(896)</u>	<u>(19,541)</u>
Effect of exchange rate changes on cash	538	252
Net (decrease) increase in cash and cash equivalents	(20,108)	568
Cash and cash equivalents at beginning of period	<u>83,010</u>	<u>11,534</u>
Cash and cash equivalents at end of period	<u>\$ 62,902</u>	<u>\$ 12,102</u>

Experienced Leadership



- ▶ **Paul Howes** President & CEO
- ▶ **Gregg Piontek** VP & CFO
- ▶ **Mark Airola** SVP, GC & Admin Officer
- ▶ **Bruce Smith** President
Fluids Systems and Engineering
- ▶ **Jeff Juergens** President
Mats & Integrated Services & Environmental Services

Management Biographies



Paul L. Howes, President & CEO: Paul joined Newpark's Board of Directors and was appointed its Chief Executive Officer in March 2006. In June 2006, Mr. Howes also was appointed as Newpark's President. Mr. Howes' career has included experience in the defense industry, chemicals and plastics manufacturing, and the packaging industry. From 2002 until October 2005, he served as President and Chief Executive Officer of Astaris LLC, a primary chemicals company headquartered in St. Louis, Missouri, with operations in North America, Europe and South America. Prior to this, from 1997 until 2002, he served as Vice President and General Manager, Packaging Division, for Flint Ink Corporation, a global ink company headquartered in Ann Arbor, Michigan with operations in North America, Europe, Asia Pacific and Latin America.

Gregg S. Piontek, VP & CFO: Joined Newpark in April 2007 and served as Vice President, Controller and Chief Accounting Office from April 2007 to October 2011. Prior to joining Newpark, Mr. Piontek was Vice President and Chief Accounting Officer of Stewart & Stevenson LLC from 2006 to 2007, where he served as the lead executive financial officer for the asset acquisition from Stewart & Stevenson Services, Inc. and \$150 million public debt offering. From 2001 to 2006, Mr. Piontek held the positions of Assistant Corporate Controller and Division Controller for Stewart & Stevenson Services, Inc. Prior to that, Mr. Piontek served in various financials roles at General Electric and CNH Global N.V., after beginning his career as an auditor for Deloitte & Touche LLP. Mr. Piontek is a Certified Public Accountant and holds a bachelor degree in Accountancy from Arizona State University and a Master of Business Administration degree from Marquette University.

Mark J. Airola, Sr. VP, GC & Admin Officer: Mark joined Newpark in October 2006 as its Vice President, General Counsel and Chief Administrative Officer. Mr. Airola was named Senior Vice President in February of 2011. Mr. Airola has practiced law for 22 years, primarily with large, publicly traded companies. Most recently, Mr. Airola was Assistant General Counsel and Chief Compliance Officer for BJ Services Company, a leading provider of pressure pumping and other oilfield services to the petroleum industry, serving as an executive officer since 2003. From 1988 to 1995, he held the position of Senior Litigation Counsel at Cooper Industries, Inc., a global manufacturer of electrical products and tools, with initial responsibility for managing environmental regulatory matters and litigation and subsequently managing the company's commercial litigation.

Management Biographies



Bruce C. Smith, Executive VP and President Fluids Systems and Engineering: Bruce joined Newpark in April 1998 as Vice President, International. Since October 2000, he has served as President of its subsidiary Newpark Drilling Fluids, L.P. Prior to joining Newpark, Mr. Smith was the Managing Director of the U.K. operations of M-I Swaco, a competitor of Newpark Drilling Fluids, where he was responsible for two business units, including their drilling fluids unit.

Jeffery L. Juergens, President Mats and Integrated Services & Environmental Services: Jeff joined Newpark in October 2010 as President of Newpark Mats and Integrated Services and Newpark Environmental Services. Prior to joining Newpark, Mr. Juergens was the Chief Executive Officer of B&B Oilfield Services, an oilfield equipment manufacturing company which was acquired by Halliburton. Mr. Juergens has also held the position of Vice President, International Operations/Regional Manager with SPS International, a global company specializing in wellbore cleanup equipment and services, subsequently acquired by M-I Swaco.