

NEWPARK RESOURCES INC
Form 10-Q
October 26, 2018

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended September 30, 2018

or

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from _____ to _____.

Commission File Number: 001-02960

Newpark Resources, Inc.

(Exact name of registrant as specified in its charter)

Delaware

72-1123385

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

9320 Lakeside Boulevard, Suite 100

The Woodlands, Texas

77381

(Address of principal executive offices)

(Zip Code)

(281) 362-6800

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

As of October 24, 2018, a total of 90,807,687 shares of common stock, \$0.01 par value per share, were outstanding.

NEWPARK RESOURCES, INC.
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FOR THE THREE AND NINE MONTHS ENDED
SEPTEMBER 30, 2018

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, Section 21E of the Securities Exchange Act of 1934, as amended, and the Private Securities Litigation Reform Act of 1995, as amended. We also may provide oral or written forward-looking statements in other materials we release to the public. Words such as “will,” “may,” “could,” “would,” “should,” “anticipates,” “believes,” “estimates,” “expects,” “plans,” “intends,” and similar expressions are intended to identify these forward-looking statements but are not the exclusive means of identifying them. These forward-looking statements reflect the current views of our management; however, various risks, uncertainties, contingencies and other factors, some of which are beyond our control, are difficult to predict and could cause our actual results, performance or achievements to differ materially from those expressed in, or implied by, these statements.

We assume no obligation to update, amend or clarify publicly any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by securities laws. In light of these risks, uncertainties and assumptions, the forward-looking events discussed in this Quarterly Report on Form 10-Q might not occur.

For further information regarding these and other factors, risks and uncertainties affecting us, we refer you to the risk factors set forth in Item 1A “Risk Factors” in Part I of our Annual Report on Form 10-K for the year ended December 31, 2017.

PART I FINANCIAL INFORMATION

ITEM 1. Financial Statements

Newpark Resources, Inc.

Condensed Consolidated Balance Sheets

(Unaudited)

(In thousands, except share data)	September 30, 2018	December 31, 2017
ASSETS		
Cash and cash equivalents	\$ 52,243	\$ 56,352
Receivables, net	264,014	265,866
Inventories	202,707	165,336
Prepaid expenses and other current assets	18,016	17,483
Total current assets	536,980	505,037
Property, plant and equipment, net	313,989	315,320
Goodwill	44,015	43,620
Other intangible assets, net	26,424	30,004
Deferred tax assets	4,024	4,753
Other assets	2,889	3,982
Total assets	\$ 928,321	\$ 902,716
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current debt	\$ 6,453	\$ 1,518
Accounts payable	93,783	88,648
Accrued liabilities	44,730	68,248
Total current liabilities	144,966	158,414
Long-term debt, less current portion	181,945	158,957
Deferred tax liabilities	33,347	31,580
Other noncurrent liabilities	7,912	6,285
Total liabilities	368,170	355,236
Commitments and contingencies (Note 9)		
Common stock, \$0.01 par value (200,000,000 shares authorized and 106,324,356 and 104,571,839 shares issued, respectively)	1,063	1,046
Paid-in capital	615,351	603,849
Accumulated other comprehensive loss	(64,767) (53,219
Retained earnings	138,233	123,375
Treasury stock, at cost (15,524,613 and 15,366,504 shares, respectively)	(129,729) (127,571
Total stockholders' equity	560,151	547,480
Total liabilities and stockholders' equity	\$ 928,321	\$ 902,716

See Accompanying Notes to Unaudited Condensed Consolidated Financial Statements

Newpark Resources, Inc.
Condensed Consolidated Statements of Operations
(Unaudited)

(In thousands, except per share data)	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2018	2017	2018	2017
Revenues	\$235,329	\$201,663	\$698,884	\$543,374
Cost of revenues	194,730	164,587	569,665	442,608
Selling, general and administrative expenses	29,820	27,270	85,482	79,297
Other operating (income) loss, net	725	(76)) 702	(127)
Operating income	10,054	9,882	43,035	21,596
Foreign currency exchange (gain) loss	(89)) 174	594	1,100
Interest expense, net	3,668	3,586	10,659	10,245
Income from operations before income taxes	6,475	6,122	31,782	10,251
Provision for income taxes	2,831	3,469	10,070	6,949
Net income	\$3,644	\$2,653	\$21,712	\$3,302
Income per common share - basic:	\$0.04	\$0.03		