Mineral Technologies Reports $0.34 in Diluted Earnings Per Share for Fourth Quarter, After Special Charges of $0.31 Per Share

January 18, 2001

NEW YORK--January 18, 2001-- Minerals Technologies Inc. (NYSE: MTX) today reported net income of $6.9 million for the fourth quarter of 2000, a 59-percent decrease from the $16.8 million for the fourth quarter of 1999. Operating income declined 61 percent to $10.6 million from $27.0 million for the fourth quarter in 1999. Diluted earnings per common share decreased 56 percent to $0.34 from $0.78 in the prior year.

In the fourth quarter, Minerals Technologies recorded special charges totaling $10.5 million, or $0.31 per share. Of that, $4.9 million were write downs of impaired assets and $5.6 million were bad debt expenses. The bad debt expenses were primarily related to bankruptcies for major customers in the steel, paper and construction industries. Because of these charges and mix of profit by country, the company's effective tax rate for the fourth quarter was 17 percent, resulting in a full-year effective tax rate of about 30 percent.

On December 6, Minerals Technologies announced that it planned to record about $7.1 million in special charges representing $0.21 a share. Since then, with the announcements of two major additional bankruptcies in the steel and construction industries, as well as continued weakness in these sectors, the company determined that an additional $3.4 million in bad debt expenses was required.

"The economic downturn in the fourth quarter of 2000, especially in the industries we serve--paper, steel and construction-together with the special charges, wreaked havoc with our financial performance," said Paul R. Saueracker, president and chief executive officer. "The write downs of impaired assets were primarily for three satellite precipitated calcium carbonate (PCC) plants at paper mills that have ceased or will cease operation. The bad debt expenses related primarily to bankruptcies by several customers in the steel industry, which has been affected severely by imports."

Worldwide sales in the quarter were down 4 percent to $170.5 million compared to $177.2 million in the fourth quarter of 1999. The unfavorable impact of foreign exchange on sales for the quarter was $5.6 million, or approximately 3 percentage points of growth. Worldwide sales for the full year 2000 were $670.9 million, a 1-percent increase over the $662.5 million reported in 1999. For the full year, foreign currency had an unfavorable impact on sales of approximately $12.0 million, or 2 percentage points of growth.

Operating income for the fourth quarter, excluding the special charges, declined 22 percent. The company's operating income for the full year 2000 declined 13 percent to $84.8 million from $97.5 million in 1999. Excluding special charges, the decline would have been only 2 percent, despite the significant downturn in the second half in the industries the company serves. Net income decreased 13 percent in 2000 to $54.2 million compared to $62.1 million in the prior year. Diluted earnings per common share, after $0.31 in special charges, decreased 8 percent to $2.58 compared to $2.80 in 1999.

Worldwide sales in the company's Specialty Minerals business segment, which consists of PCC and Processed Minerals, were $126.4 million in the fourth quarter, a 1-percent decrease from the $127.2 million recorded in the same period in 1999. For the full year, Specialty Minerals sales were up 1 percent to $486.3 million compared with $479.4 million for the same period in 1999. Excluding the special charges, Specialty Minerals recorded income from operations of $15.1 million for the quarter, a 23-percent decline from the $19.5 million the prior year. Operating income for the full year--excluding the special charges--was $67.3 million, a 5-percent decrease from the $70.9 million in 1999.

During the year, the company began operation of two new satellite PCC plants, one in Japan and the other in Brazil. The satellite PCC plant in Japan is located at Daishowa Paper Manufacturing Company Ltd.'s Shiraoi mill on the northern island of Hokkaido. This satellite plant provides both filling and coating grade PCC and is a two-unit facility, with a unit equal to between 25,000 and 35,000 tons of PCC annually. The satellite plant in Brazil is a two-unit facility at a paper mill owned by Bahia Sul Celulose S.A. on the eastern coast of the central part of Brazil. This satellite supplies PCC as a filler material for printing and writing papers. The company also began operation of a major three-unit expansion of a satellite plant to supply PCC to a new 400,000 ton-per-year paper machine at Figueira da Foz, Portugal. This paper machine, owned by Soporcel Sociedade Portuguesa de Papel, S.A., is adjacent to our expanded filler-grade PCC satellite plant. In addition to the seven units from the announced satellite PCC plants in Japan and Brazil and the expansion in Portugal, the company also added another eight units of volume in 2000 through various expansions at existing satellite facilities.

On January 2, we announced a new contract with Great Northern Paper Company of Millinocket, Maine, to construct a two-unit satellite plant using Minerals Technologies' patented AT(TM) PCC technology. This satellite PCC plant will be in operation by the third quarter of 2001.

The Company's penetration of the groundwood paper market-the paper used in catalogs, magazines and newspapers-continues at a steady pace. To date, we provide either our AT(TM) PCC or our traditional PCC to 14 groundwood paper mills on 24 paper machines around the world. The penetration into the groundwood sector is significant because groundwood paper constitutes roughly half of the worldwide paper production.

Worldwide sales of PCC, which is used mainly in manufacturing processes of the paper industry, grew 1 percent to $105.3 million in the fourth quarter of 2000 from $104.7 million in the same period of 1999. For the full year, PCC sales increased 2 percent to $399.2 million compared to $391.9 million in 1999. Excluding the impact of foreign exchange, sales growth would have been 4 percent.

"Despite the consolidations, shutdowns and slowdowns in the paper industry, the company's PCC business grew because of the additional capacity we continue to add to our system," said Anton Dulski, chief operating officer. "This capacity increase was attributable primarily to the start of operations at the new PCC satellite plants and the several expanded facilities. In 2000, the company produced more than 3.1 million tons of PCC for use in paper, which represents growth of approximately 9 percent. We are optimistic that in 2001 we will sign contracts for additional satellite plants in the United States and abroad and expand several others."

Specialty PCC, which is used for non-paper applications, had a difficult fourth quarter with sales declining 6 percent. Operating profits were affected severely by higher energy costs, adverse market conditions and a delayed ramp-up at the company's new merchant manufacturing facility in

Mississippi. The Specialty PCC product line also experienced competitive pressure from lower-cost ground calcium carbonate in the calcium supplement market.

Worldwide sales of Processed Minerals products decreased 6 percent in the fourth quarter to $21.1 million from $22.5 million for the same period in the previous year. This decline was attributable primarily to the slowdown in the construction-related industries. For the full year, Processed Minerals product sales were $87.1 million compared to $87.5 million in 1999. The profitability of this product line was affected by difficult market conditions and higher energy costs, including higher fuel prices and reduced output as a result of mandated "brownouts" to save energy at the company's California facility as well at some of our customers' facilities. Processed Minerals products, which include ground calcium carbonate and talc, are used in the building materials, steel, polymers, ceramics, paints and coatings, glass and other manufacturing industries.

"Although the paper segment of Specialty Minerals, excluding the special charges, had improved profitability in 2000, the overall negative performance of Specialty Minerals was a result of the weakness in the Specialty PCC and the Processed Minerals businesses." said Mr. Dulski. "We are cautiously optimistic that these businesses will improve in 2001. However, at present, it is difficult to judge what affect the U.S. economy will have on the latter part of the year."

In the company's Refractories segment, sales for the fourth quarter were $44.1 million, a 12-percent decrease from the $50.0 million recorded in the fourth quarter of 1999. Sales for the full year for the Refractories segment were $184.6 million, a 1-percent increase over the previous year. Operating income for the fourth quarter for Refractories, excluding the special charges of $4.6 million, was $6.0 million, a 20-percent decline from the $7.5 million in the same period last year. For the full year, excluding the special charges, Refractories operating income was $28.0 million, a 5-percent increase over the $26.6 million for 1999. Excluding the effect of foreign exchange, sales growth for the full year would have been up 3 percent.

"Our refractory products were hurt by the extreme downturn in the domestic steel industry," said Mr. Dulski. "Steel production fell drastically in the quarter and a number of steel companies filed for bankruptcy. These events had a direct impact on our refractory sales. On a positive note, although sales declined 12 percent in the fourth quarter, our operating margins as a percentage of sales remained fairly stable, excluding special charges. I believe this is a result of having changed the refractory business in the past four years from a commodity business to a higher-margin business that emphasizes specialty products and delivery systems. So, despite the downturn in the fourth quarter, the Refractories segment had a good year."

"Considering economic forecasts, we expect the first half of 2001 to be challenging," said Mr. Saueracker. "However, barring any further major economic surprises, we believe that in the second half of the year we will resume growth."

For further information about Minerals Technologies Inc., call 1-888-MTX-NEWS (689-6397); or, look on the Internet at http://www.mineralstech.com

This press release contains some forward-looking statements. Actual results may differ materially from these expectations. The company undertakes no obligation to publicly update any forward-looking statement, whether as a result of new information, future events, or otherwise. Forward-looking statements in this document should be evaluated together with the many uncertainties that affect our businesses, particularly those mentioned in the cautionary statements of our 1999 Form 10-K and in our other reports filed with the Securities and Exchange Commission.

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1) The bad debt expenses incurred in the fourth quarter of 2000 relate to announced bankruptcies by several of the Company's major customers serving the steel, paper and construction industries and to additional potential risks in these industries.

2) The write-down of impaired PCC satellite assets were primarily caused by the announced paper mill shutdowns at three plants.

3) The Emerging Issues Task Force (EITF) reached a consensus on EITF issue 00-10, "Accounting for Shipping and Handling Fees and Costs." This pronouncement is effective in the fourth quarter of 2000 and all prior periods should be reclassified to comply with the classification guidelines of this Issue. EITF 00-10 stipulates that all amounts billed to a customer in a sale transaction related to shipping and handling represent revenues earned for the goods provided and should be classified as revenue. In addition, costs incurred for shipping and handling should preferably be classifed as costs of goods sold. The Company has historically recorded the net costs of shipping and handling in marketing and administrative expenses since the majority of such costs are direct pass-through of costs to the customer. The following represents shipping and handling fees reclassified to net sales and cost of goods sold by product line in the fourth quarter and full year of 2000 and 1999, respectively, and reclassifications from marketing and administrative expenses to cost of goods sold. These adjustments are reflected in the above statement of income in order to comply with the new pronouncement. All prior periods have been restated.