MIneral Technologies Inc. Reports Second Quarter Diluted Earnings Per Share of $0.52

July 19, 2001

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NEW YORK, July 19 -- Minerals Technologies Inc. (NYSE: MTX) today reported second quarter net income of $10.3 million, a 40-percent decrease from the $17.2 million reported in the second quarter of 2000. Diluted earnings per common share were $0.52 compared with $0.81 in the same period last year, a 36-percent decrease. Diluted earnings per share, excluding a charge for restructuring, were $0.62 for the second quarter.

On June 12, the company announced a restructuring of its operations in an effort to reduce operating costs and to improve efficiency. That restructuring, together with workforce reductions made possible by the recent acquisition of the refractory operations of Martin Marietta Magnesia Specialties Inc., resulted in a total workforce reduction of approximately 120 people, or five percent of the company's world-wide workforce.

Minerals Technologies Inc. recorded a pre-tax restructuring charge of $3.4 million, or $0.10 in diluted earnings per share, in the second quarter. The company estimates the restructuring will reduce operating expenses on an annualized basis by $6.0 million to $8.0 million. These expense reductions will phase in during the balance of the year.

"Our financial results were affected by the continued weakness in the worldwide economy, especially in the paper, steel and construction industries, which are the main industrial sectors we serve," said Paul R. Saueracker, president and chief executive officer. "In addition to these industry trends, the company also faced higher energy costs and the negative effect of foreign exchange."

Worldwide sales were down 1 percent to $170.7 million from $172.2 million in the second quarter of last year. Foreign exchange had an unfavorable impact on sales for the quarter of approximately $4.7 million, or approximately 3 percentage points of growth. Excluding the restructuring charge, operating income of $20.6 million was 22-percent lower than the $26.5 million reported for the second quarter of 2000.

For the first six months of 2001, net income decreased to $22.0 million compared with $32.2 million last year. Diluted earnings per common share declined 27 percent to $1.10 compared with $1.51 for the first six months of 2000.

Worldwide sales for the first six months of 2001 increased slightly to $334.7 million compared with $333.1 million reported last year. The unfavorable impact of foreign exchange on sales for the first six months was approximately $9 million, or 3 percentage points of growth. Excluding the restructuring charge, operating income for the first six months of 2001 was $40.1 million, a 20-percent decline from the $50.0 million the company reported in the first half of 2000.

Sales in the Specialty Minerals segment, which includes the Precipitated Calcium Carbonate (PCC) and Processed Minerals product lines, decreased 2 percent to $120.6 million from $123.4 million in the comparable quarter of 2000. Excluding the restructuring charge, income from operations for the second quarter decreased 20 percent to $14.8 million from $18.6 million in the prior year. For the first six months of 2001, Specialty Minerals sales increased 1 percent to $241.3 million from $239.1 million recorded in the same period in 2000. Excluding the restructuring charge, income from operations for the six months decreased 19 percent, from $35.4 million in 2000 to $28.7 million this year.

Worldwide sales of PCC, which is used primarily in the manufacturing processes of the paper industry, declined 2 percent to $97.6 million compared with $99.9 million in the second quarter of 2000. Foreign exchange had an unfavorable impact on PCC sales of approximately $2.6 million, or 2.5 percentage points of growth for the quarter. For the six months, PCC sales increased 1 percent, to $197.3 million compared with $195.0 million last year, despite a negative foreign exchange impact of $5.0 million or 2.5 percentage points of growth.

Sales of Specialty PCC, used in non-paper applications, continued to be weak as a result of poor industry conditions in the company's end-use markets and a more competitive environment in the calcium supplement market. The company's Specialty PCC merchant plant in Brookhaven, Mississippi, has continued to experience lower-than-expected sales because of longer-than-expected customer qualification programs. "This facility is still running below forecast rates and will continue to do so to a lesser extent during the second half of 2001," said Anton Dulski, executive vice president and chief operating officer.

During the second quarter, Minerals Technologies announced that it will invest $27 million for the construction of a new merchant facility in Germany for the production of coating grade PCC. This facility, which is expected to be in operation by the third quarter of 2002, will produce sophisticated PCC coating products for use in high-quality publication and graphic art papers. The PCC merchant plant will be located in Walsum, Germany, near Dusseldorf. Walsum is central to one of the world's largest concentrations of manufacturing for these types of high-quality papers. The initial capacity of the plant will be approximately 125,000 tons of PCC a year.

Worldwide sales of Processed Minerals products decreased 2 percent in the second quarter to $23.0 million from $23.5 million in the same period in 2000. For the six months, sales of Processed Minerals products decreased slightly to $44.0 million from $44.1 million for the first half of 2000. These products are used in the building materials, steel, polymers, ceramics, paints and coatings, glass and other manufacturing industries.

Sales in the Refractories segment, the products of which are used primarily in the steel industry, increased 3 percent to $50.1 million in the second quarter compared to the same period in 2000. The recent acquisition of the refractories component of Martin Marietta Magnesia Specialties, Inc. contributed approximately $8 million of sales in the second quarter. Excluding the restructuring charge, income from operations for the second quarter of 2001 decreased 27 percent to $5.8 million from $7.9 million during the second quarter of 2000. For the six months of 2001, net sales of refractory products were $93.4 million, a 1-percent decline from the first half of 2000. Excluding the restructuring charge, operating income for the first six months of 2001 decreased 22 percent to $11.4 million from $14.6 million in the prior year.

"The sharp economic decline that began in the fourth quarter of 2000 continues to have a negative effect on our financial performance," said Mr. Saueracker. "We do not, at this time, see the anticipated improvement that was forecast to occur during the second half of this year. We remain, however, cautiously optimistic that our diluted earnings per share in 2001 will be between $2.60 and $2.65, excluding the charge for restructuring."

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 2000 Form 10-K and in our other reports filed with the Securities and Exchange Commission.

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

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