Minerals Technologies Inc. Reports $0.71 in Diluted Earnings Per Share for Fourth Quarter

January 22, 2002
NEW YORK, Jan 22, 2002 (BUSINESS WIRE) --

Full Year 2001 Diluted Earnings per Share Were $2.48, After $0.10 Restructuring Charge In the Second Quarter; Full Year Sales Were $684.4 Million

Minerals Technologies Inc. (NYSE: MTX) today reported net income of $14.2 million for the fourth quarter of 2001, a 106-percent increase from the $6.9 million for the fourth quarter of 2000. Operating income increased 107 percent to $21.8 million from $10.6 million for the fourth quarter in 2000. Diluted earnings per common share increased 109 percent to $0.71 from $0.34 the prior year.

The growth in operating income and earnings per share from the fourth quarter of 2000 to the same period in 2001 is primarily the result of a $4.9 million write-down of impaired assets and $5.6 million in bad debt expenses taken in the fourth quarter of 2000. Combined, these two charges resulted in a $0.31 reduction in diluted earnings per share in the fourth quarter of 2000. In the fourth quarter of 2001, the company incurred approximately $1 million in bad debt expense. The bad debt expense provisions for both years were primarily related to bankruptcies of major customers in the steel, paper and construction industries.

In the second quarter of 2001, Minerals Technologies recorded a pre-tax restructuring charge related to a reduction in workforce of $3.4 million, or $0.10 in diluted earnings per share.

The company's operating income for the full year 2001 declined 5 percent to $80.6 million from $84.8 million in 2000. Net income for the full year decreased 8 percent in 2001 to $49.8 million compared with $54.2 million in the prior year. Diluted earnings per common share decreased 4 percent to $2.48 compared with $2.58 in 2000.

"Considering the difficulties in the economy in 2001, which affected demand in all of our product lines, Minerals Technologies turned in a solid performance for the year," said Paul R. Saueracker, chairman, president and chief executive officer. "We made opportune acquisitions in the Refractories segment to improve market position. We also restructured our operations to reduce costs, improve efficiency and tightly control expenses throughout the business. We enter 2002 poised to take advantage of the many market opportunities that are open to us."

Worldwide sales in the fourth quarter increased 3 percent to $174.8 million compared with $170.5 million in the fourth quarter of 2000. The increase in sales is attributable to the acquisitions during 2001 of the refractories business of Martin Marietta and the metallurgical wire business of Rijnstaal B.V., a Netherlands-based company. The unfavorable impact of foreign exchange on sales for the quarter was $1.7 million, or approximately 1 percentage point of growth. Worldwide sales for the full year 2001 were $684.4 million, a 2-percent increase over the $670.9 million reported in 2000. For the full year, foreign currency had an unfavorable impact on sales of approximately $14.8 million, or 2 percentage points of growth.

Worldwide sales in the company's Specialty Minerals business segment, which consists of precipitated calcium carbonate (PCC) and Processed Minerals, were $120.9 million in the fourth quarter compared with $126.4 million in the same period in 2000, a 4-percent decrease. For the full year, Specialty Minerals sales were down 1 percent to $483.3 million compared with $486.3 million for 2000. For the fourth quarter, Specialty Minerals recorded income from operations of $14.3 million, a 55-percent increase from the $9.2 million for the fourth quarter of 2000. The growth in operating income from the fourth quarter 2000 is primarily a result of a $4.9 million write down of impaired assets in the fourth quarter of 2000. Operating income for the full year was $55.5 million, a 10-percent decline from the $61.4 million recorded for 2000.

During the year, the company constructed two new satellite PCC plants, one in Maine and the other in France. The satellite PCC plant in Millinocket, Maine, is at a paper mill owned by Great Northern Paper Inc. This plant, which provides the company's AT(TM) PCC for filling groundwood specialty paper produced by Great Northern, became operational in the fourth quarter and is equivalent to two units. A unit represents between 25,000 and 35,000 tons of PCC produced annually. AT(TM) PCC is Minerals Technologies' patented acid-tolerant technology that permits the use of PCC, an alkaline material, in an acid papermaking environment.

Minerals Technologies also signed an agreement with M-Real Corporation of Finland to construct and operate a satellite PCC plant at an M-Real paper mill in Alizay, France. This three-unit plant, which became operational in the first quarter of 2002, is dedicated to the production of sophisticated PCC products used in the filling of wood-free printing and writing papers.

In May, the Company announced that it would invest $27 million for the construction of a new merchant facility in Germany for the production of coating grade PCC. This facility, which will have the capacity to manufacture approximately 100,000 tons of PCC a year, will produce sophisticated PCC coating products for use in high-quality publication and graphic art papers.

In addition to the five units from the announced satellite PCC plants in Maine and France, the company also added another five units of volume in 2001 through expansions at several existing satellite facilities.

The Company's penetration of the groundwood paper market - the paper used in catalogs, magazines and newspapers - continues at a steady pace. To date, Minerals Technologies provides either our AT(TM) PCC or our traditional PCC to 19 groundwood paper mills on 42 paper machines around the world. The penetration into the groundwood sector is significant because groundwood paper constitutes roughly half of worldwide paper production.

Worldwide sales of PCC, which is used mainly in manufacturing processes of the paper industry, declined 5 percent from $105.3 million in the fourth quarter of 2000 to $100.2 million in the same period in 2001. For the full year, PCC sales decreased 1 percent to $396.1 million from $399.2 million in 2000. Excluding the effect of foreign exchange, PCC sales grew by 1 percent.

Paper PCC sales grew by 1 percent for the full year as a result of capacity the company added even though the paper industry was affected adversely by consolidations, shutdowns and slowdowns.

"Our total PCC business declined primarily because of weakness in the Specialty PCC business, which is used for non-paper applications. In 2001, despite the fact that the North American paper industry declined 8 percent and the European paper industry was down 5 percent, we were still able to increase our PCC volumes for paper by 1 percent to more than 3.1 million tons," said Mr. Saueracker. "We are optimistic that in 2002 we will sign contracts for additional satellite plants and expand several others."

Specialty PCC had a difficult fourth quarter with sales declining 21 percent as compared with prior year. Adverse market conditions and less-than-expected volume from the merchant manufacturing facility in Mississippi affected sales and operating profits. 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 2 percent in the fourth quarter to $20.7 million from $21.1 million for the same period in the previous year. This decline was attributable primarily to the slowdown in construction-related industries in the latter part of the quarter. For the full year, Processed Minerals product sales were $87.2 million compared with $87.1 million in 2000. 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.

In the company's Refractories segment, sales for the fourth quarter were $53.9 million, a 22-percent increase from the $44.1 million recorded in the fourth quarter of 2000. Sales for the full year for the Refractories segment were $201.1 million, a 9-percent increase over the $184.6 million in the previous year. Operating income for the fourth quarter for Refractories was $7.5 million, a significant increase over the $1.4 million recorded during the same period in 2000. The increase in operating income was primarily due to higher bad debt expenses incurred in the fourth quarter of 2000 compared with the current year. For the full year, Refractories operating income was $25.1 million, a 7-percent increase over the $23.4 million for 2000.

"The increase in sales for the Refractories segment was attributable to the Martin Marietta refractories and Rijnstaal acquisitions," said Mr. Saueracker, "Our refractory products continued to be affected by the severe recession in the domestic steel industry. In the past 18 months numerous steel companies have filed for bankruptcy, and steel production in the United States is now at its lowest level in decades. These events have had a direct impact on our refractory sales. On a positive note, our operating margins as a percentage of sales remain stable as a result of changing the refractory business in the past four years from a commodity business to a higher-margin business that emphasizes specialty products and delivery systems."

Mr. Saueracker concluded: "The year 2001 was a difficult one for Minerals Technologies because of the effect of the economic downturn on paper, steel and construction -- the industries we primarily serve. But we believe we have taken the necessary steps to resume growth, and we will continue to monitor costs closely. Despite the economic uncertainties, we believe that Minerals Technologies can earn between $2.90 and $3.00 in diluted earnings per share in 2002."

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

CONSOLIDATED STATEMENT OF INCOME
MINERALS TECHNOLOGIES INC. AND SUBSIDIARY COMPANIES
(thousands of dollars, except per share data)
(unaudited)

	Fourth Quarter		%
	2001	2000	Growth
Net sales	$ 174,795	$ 170,476	3
Operating costs and expenses:			
Cost of goods sold	127,974	124,758	3
Marketing and administrative expenses	18,080	17,388	4
Research and development expenses	5,868	7,262	(19)

Bad debt expenses	1,043	5,600	(81)
Write-down of impaired assets	0	4,900	-
Restructuring charge	0	0	-
Income from operations	21,830	10,568	107
Non-operating deductions - net	1,628	1,658	(2)
Income before provision for taxes on income and minority interests	20,202	8,910	127
Provision for taxes on income	5,670	1,521	273
Minority interests	329	493	(33)
Net income	$ 14,203	$ 6,896	106
Weighted average number of common shares outstanding:			
Basic	19,587	20,175	
Diluted	20,124	20,422	
Basic earnings per share	$ 0.73	$ 0.34	115
Diluted earnings per share	$ 0.71	$ 0.34	109
Cash dividends declared per common share	$ 0.025	$ 0.025	

	Full Year		%
	2001	2000	Growth
Net sales	$ 684,419	$ 670,917	2
Operating costs and expenses:			
Cost of goods sold	502,525	477,512	5
Marketing and administrative expenses	70,495	71,404	(1)
Research and development expenses	23,509	26,331	(11)
Bad debt expenses	3,930	5,964	(34)
Write-down of impaired assets	0	4,900	-
Restructuring charge	3,403	0	-
Income from operations	80,557	84,806	(5)
Non-operating deductions - net	7,887	5,034	57
Income before provision for taxes on income and minority interests	72,670	79,772	(9)
Provision for taxes on income	21,148	23,735	(11)
Minority interests	1,729	1,829	(5)
Net income	$ 49,793	$ 54,208	(8)
Weighted average number of common shares outstanding:			
Basic	19,630	20,479	
Diluted	20,063	21,004	
Basic earnings per share	$ 2.54	$ 2.65	(4)
Diluted earnings per share	$ 2.48	$ 2.58	(4)

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Cash dividends declared per common share	$ 0.10	$ 0.10
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1) The bad debt expenses incurred in 2001 and 2000 are primarily related to 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 in 2000 resulted from paper mill shutdowns at three plants.

3) Sales increased 3% in the United States in the fourth quarter of 2001 and increased slightly for the full year of 2001. International sales increased 2% in the fourth quarter of 2001 and approximately 6% for the full year of 2001.

4) The analyst conference call to discuss operating results for the fourth quarter and full year is scheduled for January 23, 2002 at 11:00 AM and will be broadcast over the Company's website (www.mineralstech.com). The broadcast will remain on the Company's website until January 31, 2002.

MINERALS TECHNOLOGIES INC AND SUBSIDIARY COMPANIES
CONDENSED CONSOLIDATED BALANCE SHEET
ASSETS
(In Thousands of Dollars)

	December 31, 2001(a)	December 31, 2000(b)
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Current assets:		
Cash & cash equivalents	13,046	6,692
Accounts receivable, net	125,289	116,192
Inventories	77,633	71,883
Other current assets	30,822	20,590
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Total current assets	246,790	215,357
Property, plant and equipment	1,045,627	1,014,743
Less accumulated depreciation	509,288	466,534
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Net property, plant & equipment	536,339	548,209
Other assets and deferred charges	64,681	36,266
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Total assets	847,810	799,832
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LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:		
Short-term debt	71,934	48,870
Accounts payable	37,705	36,153
Other current liabilities	52,330	48,504
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Total current liabilities	161,969	133,527
Long-term debt	88,097	89,857
Other non-current liabilities	91,365	92,809
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Total liabilities	341,431	316,193
Total shareholders' equity	506,379	483,639
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Total liabilities and shareholders' equity	847,810	799,832
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(a) Unaudited.
(b) Condensed from audited financial statements.

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