



MacDermid
INCORPORATED

N E W S L I N E

MacDermid Incorporated Waterbury, CT 06720-9984 Tel (203) 575-5700. Offices located worldwide.

Earnings Announcement
WATERBURY, CONNECTICUT
February 4, 2002
FOR IMMEDIATE RELEASE

MacDermid, Incorporated, a worldwide manufacturer of proprietary specialty chemical products and materials for the electronics, metal finishing and graphic arts industries, today reports earnings for its quarter ended December 31, 2001. Due to MacDermid changing its fiscal year end from March to December 2001, this quarter also marks the close of the fiscal year, which will contain nine months.

Earnings per share before restructuring and impairment charges were \$0.20 for the quarter ended December 2001 compared to \$0.30 for the prior year and \$0.13 for the previous sequential quarter. For the nine month period ended December 31, 2001, earnings per share before restructuring and impairment charges were \$0.57 compared to \$1.07 in the comparable prior period. Net earnings per share after restructuring and impairment charges were a loss of \$1.28 for the quarter and a loss of \$0.91 for the nine months compared to a profit of \$0.22 and \$0.93 respectively in the prior year.

In the midst of a declining economic environment, MacDermid continued to generate significant owner earnings. Owner earnings, a measure of free cash flow, was \$33.6 million for the quarter. This was up 342% from the prior year and 8% more than the previous sequential quarter. For the comparable nine-month period, owner earnings increased from \$33.7 million to \$79.1 million or 134%. This level of owner earnings allowed MacDermid to pay down \$35.8 million, primarily senior revolving debt during the quarter, and \$62.6 million during the nine months. On a per share basis owner earnings increased from \$0.23 to \$1.04 for the quarter and from \$1.04 to \$2.44 for the nine months when compared to the prior year.

Special Charges:

In the December quarter the company incurred special charges of \$73.1 million. \$68.9 million were non-cash and \$4.2 million were cash charges. \$21.3 million covered restructuring charges for previously announced plant closures, \$51.8 million resulted from an adjustment of long lived assets to fair value as prescribed by Statement of Financial Accounting Standards (SFAS) 142 and 121. The terms of the debt agreements provide that the non-cash charges are excludable for purposes of financial covenants. The company expects to save more than \$10 million per year in cash when the facility closures are complete in mid year.

Earnings for the nine-month period ended December 31, 2001 included for the first time the recognition of \$0.6 million for compensation expense resulting from the adoption of SFAS. 123, Stock-Based Compensation. The Company has determined that the recognition of this expense more accurately reflects the actual cost of stock compensation plans, even though it will result in variable compensation expense in future periods.

Net sales declined for the three and nine months ended December 31, 2001 as compared to similar periods last year, from \$197.2 million to \$177.1 million (10%) and from \$583.0 million to \$533.9 million (8%) respectively, due to continued weakness in the global economy, particularly in electronics. Net sales increased to \$177,103, up 3% from the previous sequential quarter primarily driven by increased equipment sales for Advanced Surface Finishing and the improvement from low seasonal sales last sequential quarter in Europe.

Market conditions improved slightly during the most recent quarter in Asia and may indicate that the Printed Circuit Board (PCB) market has hit bottom. As worldwide PCB capacity shifts to China, MacDermid will be well positioned to benefit from increased sales due to its strong infrastructure in Asia.

The company previously announced the appointment of John Malfettone as Executive Vice President and Chief Financial Officer of MacDermid, Inc. Malfettone comes to MacDermid from General Electric where he served most recently as Managing Director of GE Equity, the private equity arm of GE. Since 1990, he served in various key executive leadership positions within GE. His roles included Vice President and Controller for GE Capital and Vice President of Finance within the office of the Executive Vice President of GE Capital.

Dan Leever, Chairman and CEO stated “Even though 2001 was as ugly and difficult a year as we have ever seen, MacDermid clearly demonstrated the strength of our business model. Our operations were solidly profitable in a period when many of our competitors suffered losses. In this environment we couldn’t control demand, so the men and women of the clan MacDermid controlled what they could, costs and cash flow. As a result of what I believe was an extraordinary effort we have strengthened our core businesses in the midst of a global economic recession. Our senior credit facility ended the year at \$79 million, which positions us to take advantage of the upturn when it occurs. It was also a year where we felt compelled to take extremely unpleasant actions involving job losses for long standing clan members, especially those located in our original plant in Waterbury. These actions were necessary to position the company for future growth. The result is our cost position provides even more earnings leverage than in the past, when our markets recover. In the year we spent considerable effort to modify the business models from previous acquisitions to better extract maximum value. In addition, a very important start was initiated to strengthen our senior managerial bench. This additional depth will provide us greater leadership capacity for growth.”

Web site: <http://www.macdermid.com>

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February 4, 2002

This report and other Corporation reports and statements describe many of the positive factors affecting the Corporation’s future business prospects. Investors should also be aware of factors which could have a negative impact on those prospects. These include political, economic or other conditions such as currency exchange rates, inflation rates, recessionary or expansive trends, taxes and regulations and laws affecting the business; competitive products, advertising, promotional and pricing activity; the degree of acceptance of new product introductions in the marketplace; technical difficulties which may arise with new product introductions; and the difficulty of forecasting sales at certain times in certain markets.

MacDermid, Incorporated
Condensed Consolidated Summary of Earnings
REVISED

\$ inThousands

	Three Months Ended December 31st		Nine Months Ended December 31st	
	2001	2000	2001	2000
Total Net Sales	\$177,103	\$197,214	\$533,860	\$582,995
Gross Margin	73,809	86,263	223,139	267,661
GM %	41.7%	43.7%	41.8%	45.9%
Selling, Technical, Administrative Expense	52,635	56,819	159,609	170,540
Operating Profit before Restructure and and Impairment charges	21,174	29,444	63,530	97,121
OP % before Restructure and and Impairment charges	12.0%	14.9%	11.9%	16.7%
Restructuring Costs	21,264	4,615	21,264	5,589
Impairment Costs	51,802	0	51,802	0
Merger Costs	0	0	0	1,473
Operating Profit	(51,892)	24,829	(9,536)	90,059
OP %	-29.3%	12.6%	-1.8%	15.4%
Other	(343)	280	1,203	2,340
Amortization	1,855	5,339	6,084	15,774
EBIT	(53,404)	19,210	(16,823)	71,945
Net Interest Expense	9,313	8,083	27,489	24,172
Earnings before Income Taxes and Minority Interest	(62,717)	11,127	(44,312)	47,773
Income Taxes Expense/(Benefit)	(21,951)	4,095	(15,510)	17,581
Minority Interest	215	0	110	0
Net Earnings	(40,981)	7,032	(28,912)	30,192
Diluted Earnings Per Share	(\$1.28)	\$0.22	(\$0.91)	\$0.93
Diluted Average Common Shares Outstanding	32,106,721	32,397,214	31,911,570	32,402,219
Net Earnings excluding the Restructure and Impairment charges	6,511	9,949	18,580	34,657
Diluted EPS excluding the Restructure and Impairment charges	\$0.20	\$0.30	\$0.57	\$1.07

**MacDermid, Incorporated
Sales and Margins by Region**

\$ inThousands

	Three months ended December 31st		Three months ended September 30th	Nine months ended Decemeber 31st	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2001</u>	<u>2000</u>
Americas					
Sales	\$80,649	\$102,308	\$78,741	\$242,767	\$300,001
Operating Margin *	\$11,944	\$14,736	\$8,133	\$29,075	\$51,866
OM %	14.8%	14.4%	10.3%	12.0%	17.3%
Europe					
Sales	\$67,323	\$58,224	\$64,989	\$205,465	\$176,537
Operating Margin *	\$4,330	\$7,666	\$6,891	\$21,094	\$25,344
OM %	6.4%	13.2%	10.6%	10.3%	14.4%
Asia					
Sales	\$29,131	\$36,682	\$27,933	\$85,628	\$106,457
Operating Margin *	\$4,900	\$7,042	\$3,919	\$13,361	\$19,911
OM %	16.8%	19.2%	14.0%	15.6%	18.7%
Consolidated Total					
Sales	\$177,103	\$197,214	\$171,663	\$533,860	\$582,995
Operating Margin *	\$21,174	\$29,444	\$18,943	\$63,530	\$97,121
OM %	12.0%	14.9%	11.0%	11.9%	16.7%

**MacDermid, Incorporated
Sales and Margins by Group**

\$ inThousands

	Three months ended December 31st		Three months ended Second Quarter	Nine months ended Decemeber 31st	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2001</u>	<u>2000</u>
Advanced Surface Finishing					
Sales	\$84,461	\$114,839	\$79,592	\$250,963	\$339,762
Operating Margin *	\$12,472	\$23,488	\$8,779	\$35,822	\$66,559
OM %	14.8%	20.5%	11.0%	14.3%	19.6%
Graphic Arts					
Sales	\$70,863	\$77,847	\$73,887	\$219,595	\$234,701
Operating Margin *	\$8,451	\$8,111	\$11,393	\$30,676	\$34,705
OM %	11.9%	10.4%	15.4%	14.0%	14.8%
Electronics Manufacturing					
Sales	\$21,779	\$4,528	\$18,184	\$63,302	\$8,532
Operating Margin *	\$251	(\$2,155)	(\$1,229)	(\$2,968)	(\$4,143)
OM %	1.2%	-47.6%	-6.8%	-4.7%	-48.6%
Consolidated Total					
Sales	\$177,103	\$197,214	\$171,663	\$533,860	\$582,995
Operating Margin *	\$21,174	\$29,444	\$18,943	\$63,530	\$97,121
OM %	12.0%	14.9%	11.0%	11.9%	16.7%

* prior to one-time merger costs, restructuring and impairment charges.

MacDermid, Incorporated
Condensed Consolidated Summary of Cash Flows
REVISED

\$ inThousands	Three months ended		Nine months ended	
	December 31st		Decemeber 31st	
	<u>2001</u>	<u>2000</u>	<u>2001</u>	<u>2000</u>
Net Earnings	(\$40,981)	\$7,032	(\$28,912)	\$30,192
Impairment Charges	\$51,802	\$0	\$51,802	\$0
Depreciation	6,248	5,995	17,990	15,629
Amortization	1,856	5,339	6,084	15,774
Provision for Bad Debt	3,575	1,245	5,986	2,764
Working Capital changes	11,659	(11,619)	30,616	(24,694)
Cash from Operations	<u>34,159</u>	<u>7,992</u>	<u>83,566</u>	<u>39,665</u>
Capital Spending (Net)	(556)	(385)	(4,503)	(5,942)
Owner Earnings	\$33,603	\$7,607	\$79,063	\$33,723
Acquisitions of Businesses (Net)	-	(13,044)	-	(70,324)
Acquisitions of Treasury Shares	(635)	(196)	(635)	(196)
Dividends to Shareholders	(643)	(623)	(1,929)	(1,869)
Bond Financing Fees	(670)	-	(8,837)	-
Increase/(Decrease) in Debt	(35,834)	7,541	(62,577)	36,943
Currency Translation/Other	<u>(643)</u>	<u>411</u>	<u>(564)</u>	<u>(661)</u>
Increase/(Decrease) in Cash	<u><u>(\$4,822)</u></u>	<u><u>\$1,696</u></u>	<u><u>\$4,521</u></u>	<u><u>(\$2,384)</u></u>

MacDermid, Incorporated
Condensed Consolidated Balance Sheets

\$ in Thousands

	December 31st <u>2001</u>	September 30th <u>2001</u>	March 31st <u>2001</u>	December 31st <u>2000</u>
Cash and Equivalents	\$17,067	\$21,890	\$12,546	\$17,732
Accounts Receivable	164,230	181,375	194,764	195,827
Inventories	111,033	127,377	141,513	135,733
Other Current Assets	16,967	17,498	16,711	14,165
	<u>309,297</u>	<u>348,140</u>	<u>365,534</u>	<u>363,457</u>
Property, Plant & Equipment	152,482	171,371	183,578	164,994
Goodwill	222,571	241,688	236,098	223,468
Intangibles	37,425	65,654	67,135	66,050
Other Long Lived Assets	39,665	42,080	32,479	50,942
Total Assets	<u>\$761,440</u>	<u>\$868,933</u>	<u>\$884,824</u>	<u>\$868,911</u>
Payables and Accrued charges	\$128,821	\$149,357	\$159,579	\$153,812
Short Term Debt	18,575	23,086	80,264	64,096
Long Term Debt	393,789	428,255	392,619	402,960
Other Long Term Liabilities	16,951	24,576	21,692	11,065
Minority Interest	2,754	2,538	0	0
Shareholders' Equity	200,550	241,121	230,670	236,978
Total Liabilities & Shareholders' Equity	<u>\$761,440</u>	<u>\$868,933</u>	<u>\$884,824</u>	<u>\$868,911</u>
Debt to Total Capital	67%	65%	67%	66%