



MacDermid
INCORPORATED

N E W S L I N E

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WATERBURY, CONNECTICUT

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FOR IMMEDIATE RELEASE

■ SECOND QUARTER EARNINGS ANNOUNCEMENT

MacDermid, Incorporated (MRD), a worldwide manufacturer of specialty chemicals and materials for the electronics, surface treatment, and graphic arts industries, today reports earnings for the second quarter ended June 30, 2002.

For the June 2002 quarter net earnings were \$9.7 million or \$0.30 per share, 25% higher compared to \$7.9 or \$0.24 per share in the June 2001 quarter. Total revenues in the current quarter were \$176.7 million, down 4.5% from \$185 million in the prior year. Currency added \$2.9 million to revenues in this year's quarter, but had a negligible impact on profits.

The current quarter also compared favorably to March 2002 quarter earnings of \$7.3 million or \$0.23 per share. June 2002 revenues were 5.8% higher than March 2002 revenues of \$166.9 reflecting minor improvements in graphic arts and surface finishes businesses, amidst continued very poor electronics end markets. Currency added \$3.6 million when compared to March, and increased earnings per share by \$0.01. A shifting geographic profit mix toward lower tax rate jurisdictions caused a reduction in the annual effective tax rate from 35% to 32% which increased earnings per share by \$0.02 this quarter.

Owner earnings were an all time record of \$35.9 million compared to \$14.3 in the 2001 quarter, and \$11.7 in the March 2002 quarter, which included a semi-annual interest payment of \$13.8 million. The improvement was driven by continued improvement in working capital management. The free cash was used to repay \$34.7 million in debt. The debt to last twelve months EBITDA ratio improved to 3.4.

Lower costs in manufacturing resulting partly from factory closures in North America resulted in improved gross margin by 3.3 gross margin points compared to the prior year quarter and 1.1 gross margin points compared to March 2002. This allowed the Company to report higher gross margin dollars year on year even with lower revenues evidencing the operating leverage in its business model.

Operating expenses were higher. The largest increase was bad debt reserve. The Company reserved \$.05 per share in the quarter (\$2.5 million), \$1.5 million higher than the prior year's quarter and \$1.0 million higher than the March 2002 quarter. This reserve was recorded even though the actual bad debt history as well as the ratio of days sales outstanding improved in the quarter. The additional reserve was required for increased customer receivable risk in the electronics business given the current business climate. Additionally \$1.0 million of compensation expense, \$0.02 per share, was recorded relating to the expensing of stock options.

For the six months ended June 30, 2002, net earnings totaled \$17.0 million or \$0.52 per share. This compared to \$12.5 million or \$0.39 per share in the prior period. The prior period's results included a restructuring and impairment charge of \$.11 per share. Total revenues in the six-month period declined from \$396.9 million to \$343.7 million, a 13.4% drop. Operating margins improved year over year from 12.8% to 13.7%. Thus, the operating profit decline was 7.4% to \$47.0 million from \$50.8 million for the six-month period.

Owner earnings improved from \$24.0 million to \$47.7 million, a 99% increase compared to the year earlier six-month period.

MacDermid announced the appointment of Greg Bolingbroke to Senior Vice President Finance, Treasurer and Controller. In his expanded capacity Greg will be responsible for day to day financial reporting, internal accounting and controls, tax, treasury, and internal audit allowing John Malfettone, Executive Vice President and Chief Financial Officer to concentrate on longer term finance, leadership and operational issues in conjunction with the CEO. John Malfettone said, "Greg is a high caliber finance professional who combines the experiential knowledge of MacDermid's financial systems and controls with a strong controllership background. Our confidence in Greg will allow me to spend more time focusing on areas to improve cash flow and enhance shareholder value."

Dan Leever, Chairman and CEO said, "We are disappointed that the apparent improvement in electronics we experienced at the end of last quarter did not continue this quarter. The industry has some hope for the back to school period, but we are certainly not making any plans based on that faint hope. We continue to carefully monitor the total electronics production indexes as this is the only sustainable demand driver. Any improvements in printed circuit demand by themselves prove to be short lived without the underlying electronics equipment demand. On the bright side, we see improvements in Advanced Surface Finishing Asia and North America, and Printing Solutions (formerly Graphic Arts) Americas indicating some overall economic strengthening.

I have never been more proud of the Clan MacDermid. Printing Solutions operating profits improved 10% sequentially and year on year, driven by the outstanding performance of the Americas team. Advanced Surface Finishing while down in revenue and profit, still earned 13.4% operating profit. I believe that is an extraordinary result in the midst of a "100 year flood". We continue to make progress on our goal of becoming

world class in all areas of cash flow generation. We generated \$47 million of free cash so far this year. That is 14% of sales in free cash. Not too shabby. For the rest of this year the external environment is uncertain. We expect some seasonal slowdown in the September quarter due to the European summer holidays. Other than that, we should continue to improve our earnings modestly throughout the year if the economic environment is similar to what we experienced in the first half.”

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

Information regarding this press release is available in chart form for review on our website.

MacDermid, Incorporated

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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.