

For Immediate Release

**Paul Mueller Company Announces its First Quarter Earnings of 2016**

Springfield, Missouri – April 29, 2016, Paul Mueller Company (OTC: MUEL) today announced earnings for the quarter ended March 31, 2016.

**PAUL MUELLER COMPANY  
THREE-MONTH REPORT**

**CONSOLIDATED STATEMENTS OF INCOME**

	Three Months Ended March 31		Twelve Months Ended March 31	
	2016	2015	2016	2015
Net Sales	\$ 41,161,000	\$ 44,643,000	\$ 175,113,000	\$ 199,344,000
Cost of Sales	28,845,000	32,441,000	122,766,000	145,947,000
Gross Profit	\$ 12,316,000	\$ 12,202,000	\$ 52,347,000	\$ 53,397,000
Selling, General and Administrative Expense	10,865,000	9,815,000	40,085,000	41,904,000
Operating Income	\$ 1,451,000	\$ 2,387,000	\$ 12,262,000	\$ 11,493,000
Interest Expense	(36,000)	(121,000)	(277,000)	(693,000)
Other Income (Expense)	(48,000)	(9,000)	(262,000)	(217,000)
Income before Provision for Income Taxes	\$ 1,367,000	\$ 2,257,000	\$ 11,723,000	\$ 10,583,000
Provision (Benefit) for Income Taxes	456,000	651,000	3,814,000	3,342,000
Net Income	\$ 911,000	\$ 1,606,000	\$ 7,909,000	\$ 7,241,000
Earnings per Common Share —				
Basic	\$0.74	\$1.31	\$6.40	\$5.89
Diluted	\$0.74	\$1.30	\$6.40	\$5.85

**CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME**

	Three Months Ended March 31	
	2016	2015
Net Income	\$ 911,000	\$ 1,606,000
Other Comprehensive Income, Net of Tax:		
Foreign Currency Translation Adjustment	1,315,000	(2,941,000)
Amortization of De-Designated Hedges	4,000	(10,000)
Comprehensive Income	\$ 2,230,000	\$ (1,345,000)

**CONSOLIDATED BALANCE SHEETS**

	March 31 2016	December 31 2015
Accounts Receivable	\$ 23,690,000	\$ 22,587,000
Inventories	33,465,000	31,941,000
Other Current Assets	2,216,000	8,312,000
Current Assets	\$ 59,371,000	\$ 62,840,000
Net Property, Plant, and Equipment	36,636,000	35,718,000
Other Assets	26,130,000	20,038,000
Total Assets	\$ 122,137,000	\$ 118,596,000
Accounts Payable	\$ 13,192,000	\$ 11,672,000
Current Maturities and Short-Term debt	8,897,000	10,868,000
Other Current Liabilities	27,612,000	25,775,000
Current Liabilities	\$ 49,701,000	\$ 48,315,000
Long-Term Debt	4,979,000	5,003,000
Long-Term Pension Liabilities	32,585,000	32,527,000
Other Long-Term Liabilities	1,002,000	1,004,000
Total Liabilities	\$ 88,267,000	\$ 86,849,000
Shareholders' Investment	33,870,000	31,747,000
Total Liabilities and Shareholders' Investment	\$ 122,137,000	\$ 118,596,000

**SELECTED FINANCIAL DATA**

	March 31 2016	December 31 2015
Book Value per Common Share	\$27.45	\$25.66
Total Shares Outstanding	1,233,677	1,237,220
Backlog	\$ 63,472,000	\$ 58,385,000

**CONSOLIDATED STATEMENT OF SHAREHOLDERS' INVESTMENT**

	Common Stock	Paid-in Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total
<b>Balance, December 31, 2015</b>	\$ 1,508,000	\$ 9,708,000	\$ 63,863,000	\$ (5,114,000)	\$ (38,218,000)	\$ 31,747,000
<b>Add (Deduct):</b>						
Net Income			911,000			911,000
Other Comprehensive Income, Net of Tax					1,319,000	1,319,000
Treasury Stock Acquisition				(107,000)		(107,000)
Deferred Compensation						
<b>Balance, March 31, 2016</b>	\$ 1,508,000	\$ 9,708,000	\$ 64,774,000	\$ (5,221,000)	\$ (36,899,000)	\$ 33,870,000

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Three Months Ended March 31, 2016	Three Months Ended March 31, 2015
<b>Operating Activities:</b>		
Net Income	\$ 911,000	\$ 1,606,000
Adjustment to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Pension Contributions (Greater) Less than Expense	58,000	(14,000)
Bad Debt Expense (Recovery)	12,000	38,000
Depreciation & Amortization	1,429,000	1,293,000
(Gain) Loss on Sales of Equipment	(7,000)	(27,000)
Other	(20,000)	(21,000)
Change in Assets and Liabilities		
(Inc) Dec in Accts and Notes Receivable	(576,000)	(583,000)
(Inc) Dec in Cost in Excess of Estimated Earnings and Billings	(15,000)	(2,789,000)
(Inc) Dec in Inventories	(806,000)	(4,459,000)
(Inc) Dec in Prepayments	565,000	(418,000)
(Inc) Dec Other Assets	-	408,000
(Inc) Dec Deferred Tax Asset	(483,000)	(24,000)
Inc (Dec) in Accounts Payable	891,000	5,674,000
Inc (Dec) Other Accrued Expenses	(121,000)	279,000
Inc (Dec) Advanced Billings	918,000	3,192,000
Inc (Dec) in Billings in Excess of Costs and Estimated Earnings	757,000	68,000
Inc (Dec) In Other Liabilities	3,000	(166,000)
<b>Net Cash Provided by Operating Activities</b>	\$ 3,516,000	\$ 4,057,000
<b>Investing Activities</b>		
Proceeds from Sales of Equipment	21,000	45,000
Additions to Property and Equipment	(1,315,000)	(3,327,000)
<b>Net Cash Required for Investing Activities</b>	\$ (1,294,000)	\$ (3,282,000)
<b>Financing Activities</b>		
(Repayment) of Short-Term Borrowings, Net	(2,228,000)	(1,284,000)
(Repayment) of Long-Term Debt	(110,000)	(323,000)
Treasury Stock Acquisitions	(107,000)	-
<b>Net Cash Required for Financing Activities</b>	\$ (2,445,000)	\$ (1,607,000)
<b>Effect of Exchange Rate Changes</b>	(115,000)	(70,000)
<b>Net (Decrease) in Cash and Cash Equivalents</b>	\$ (338,000)	\$ (902,000)
<b>Cash and Cash Equivalents at Beginning of Year</b>	545,000	1,402,000
<b>Cash and Cash Equivalents at End of Quarter</b>	\$ 207,000	\$ 500,000

PAUL MUELLER COMPANY  
SUMMARIZED NOTES TO THE FINANCIAL STATEMENTS

(1) Results of Operations:

- A. The chart below depicts the net revenue on a consolidating basis for the three months ended March 31.

Three Months Ended March 31		
Revenue	2016	2015
Domestic	\$ 26,857,000	\$ 29,971,000
Mueller BV	\$ 14,568,000	\$ 15,503,000
Eliminations	\$ (264,000)	\$ (831,000)
Net Revenue	\$ 41,161,000	\$ 44,643,000

The chart below depicts the net revenue on a consolidating basis for the twelve months ended March 31.

Twelve Months Ended March 31		
Revenue	2016	2015
Domestic	\$ 114,267,000	\$ 133,922,000
Mueller BV	\$ 62,642,000	\$ 68,769,000
Eliminations	\$ (1,796,000)	\$ (3,347,000)
Net Revenue	\$ 175,113,000	\$ 199,344,000

The chart below depicts the net income on a consolidating basis for the three months ended March 31.

Three Months Ended March 31		
Net Income	2016	2015
Domestic	\$ 649,000	\$ 470,000
Mueller BV	\$ 230,000	\$ 1,192,000
Eliminations	\$ 32,000	\$ (56,000)
Net Income	\$ 911,000	\$ 1,606,000

The chart below depicts the net income on a consolidating basis for the twelve months ended March 31.

Twelve Months Ended March 31				
Net Income	2016		2015	
Domestic	\$	4,765,000	\$	2,791,000
Mueller BV	\$	3,109,000	\$	4,565,000
Eliminations	\$	35,000	\$	(115,000)
Net Income	\$	7,909,000	\$	7,241,000

- B.** The pre-tax results for the twelve months ended March 31, 2016, were favorably affected by a \$1,050,000 decrease in the LIFO reserve. The pre-tax results for the twelve months ended March 31, 2015, were unfavorably affected by a \$1,016,000 increase in the LIFO reserve.
- C.** The Company's subsidiary, Mueller Field Operations, Inc. was involved in an accident involving a field fabricated tank on September 14, 2014. A \$2.9 million pre-tax reserve was established for the full contract value of the original order and certain insurance deductibles. The Company completed the fabrication of the new tank which is now in operation with \$0.5 million recognized into pretax income in the fourth quarter in 2015. All efforts to recover insurance related to this claim have been resolved except for on-going litigation with the manufacturer's error and omissions carrier.
- D.** On February 25, 2016, the Company amended the domestic bank borrowing agreement which extended the agreement until February 28, 2019, and added an additional financial leverage covenant of Total Debt to EBITDA which shall not exceed 3 to 1 at the end of each quarter for the trailing twelve months.
- E.** On March 18, 2016, the Company announced their intent to offer voluntary one-time lump-sum payments to former employees who have not yet begun drawing a benefit from one of the pension plans covering employees who are represented by a bargaining unit and employees who are not represented by a bargaining unit. Those eligible to receive the voluntary offer are any employees in the plans who are no longer employed by the company by May 6, 2016, and have not yet begun drawing a benefit from the plan. The lump sum payments will be distributed on or about October 1, 2016.
- F.** On March 18, 2016, the Company announced a repurchase program of up to \$3 million of the Company's common stock. The stock repurchases may be made from time to time in the open market, in compliance with a Rule 10b5-1 share repurchase plan adopted by the Company, or in privately negotiated transactions in compliance with applicable state and federal securities laws. The timing and amounts of any repurchases will be based on market conditions and other factors including price, regulatory requirements, and capital availability. The program does not require the

repurchase of any minimum number of shares and may be suspended, modified, or discontinued at any time, without prior notice. As of March 31, 2016, the Company has repurchased 3,543 shares at a total cost of \$107,000.

- G. The consolidated financials are affected by the euro to dollar exchange rate when consolidating Mueller B.V., the Dutch subsidiary. The monthly average euro to dollar exchange rate was 1.08 for March, 2015; 1.09 for December, 2015 and 1.11 for March, 2016, respectively.

## **(2) Summary of Accounting Policies:**

**Principles of Consolidation and Lines of Business**—The financial statements include the accounts of Paul Mueller Company and its wholly owned subsidiaries: Mueller Transportation, Inc.; Mueller Field Operations, Inc.; and Mueller B.V. and its subsidiaries (collectively “Company”). All significant intercompany balances and transactions have been eliminated in consolidation. The Company provides manufactured equipment and components for the food, dairy, beverage, transportation, chemical, pharmaceutical, and other industries, as well as the dairy farm market. The Company also provides field fabrication, service and repair, and construction services in these industries.

This press release contains forward-looking statements that provide current expectations of future events based on certain assumptions. All statements regarding future performance growth, conditions, or developments are forward-looking statements. Actual future results may differ materially from those described in the forward-looking statements due to a variety of factors, including, but not limited to, the factors described on page 30 of the Company’s 2015 Annual Report, which is available at [paulmueller.com](http://paulmueller.com). The Company expressly disclaims any obligation or undertaking to update these forward-looking statements to reflect any future events or circumstances.

**For all other relevant accounting policies and management discussion and analysis, please see the 2015 annual report, which is available at [www.paulmueller.com](http://www.paulmueller.com).**