

For Immediate Release

Paul Mueller Company Announces Its Third Quarter Earnings of 2017

Springfield, Missouri – October 27, 2017, Paul Mueller Company (OTC: MUEL) today announced earnings for the quarter ended September 30, 2017.

**PAUL MUELLER COMPANY
 NINE-MONTH REPORT**
 Unaudited
 (In thousands)

CONSOLIDATED STATEMENTS OF INCOME

| | Three Months Ended September 30 | | Nine Months Ended September 30 | | Twelve Months Ended September 30 | |
|---|------------------------------------|------------|-----------------------------------|------------|-------------------------------------|------------|
| | 2017 | 2016 | 2017 | 2016 | 2017 | 2016 |
| | Net Sales | \$ 48,271 | \$ 44,116 | \$ 125,512 | \$ 130,801 | \$ 162,732 |
| Cost of Sales | 34,274 | 33,117 | 89,225 | 94,682 | 117,834 | 126,778 |
| Gross Profit | \$ 13,997 | \$ 10,999 | \$ 36,287 | \$ 36,119 | \$ 44,898 | \$ 48,162 |
| Selling, General and Administrative Expense | 10,527 | 16,045 | 31,542 | 38,766 | 40,664 | 47,477 |
| Operating Income (Loss) | \$ 3,470 | \$ (5,046) | \$ 4,745 | \$ (2,647) | \$ 4,234 | \$ 685 |
| Interest Expense | (137) | (86) | (248) | (185) | (357) | (246) |
| Other Income (Expense) | (356) | (49) | (563) | (160) | (194) | (74) |
| Income (Loss) before Provision (Benefit) for Income Taxes | \$ 2,977 | \$ (5,181) | \$ 3,934 | \$ (2,992) | \$ 3,683 | \$ 365 |
| Provision (Benefit) for Income Taxes | 1,171 | (1,982) | 1,618 | (1,466) | 2,122 | 213 |
| Net Income (Loss) | \$ 1,806 | \$ (3,199) | \$ 2,316 | \$ (1,526) | \$ 1,561 | \$ 152 |
| Earnings per Common Share — Basic | \$1.51 | (\$2.66) | \$1.94 | (\$1.26) | \$1.30 | \$0.12 |
| Diluted | \$1.51 | (\$2.66) | \$1.94 | (\$1.26) | \$1.30 | \$0.12 |

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

| | Nine Months Ended September 30 | |
|--|-----------------------------------|------------|
| | 2017 | 2016 |
| Net Income (Loss) | \$ 2,316 | \$ (1,526) |
| Other Comprehensive Income (Loss), Net of Tax: | | |
| Foreign Currency Translation Adjustment | 3,448 | 754 |
| Change in Pension Liability | - | (1,478) |
| Amortization of De-Designated Hedges | 3 | 15 |
| Comprehensive Income (Loss) | \$ 5,767 | \$ (2,235) |

CONSOLIDATED BALANCE SHEETS

| | September 30 2017 | December 31 2016 |
|--|----------------------|---------------------|
| Cash and Short-Term Investments | \$ 6,539 | \$ 357 |
| Accounts Receivable | 23,196 | 18,083 |
| Inventories | 27,446 | 24,126 |
| Other Current Assets | 4,180 | 2,157 |
| Current Assets | \$ 61,361 | \$ 44,723 |
| Net Property, Plant, and Equipment | 45,409 | 33,545 |
| Other Assets | 29,951 | 26,397 |
| Total Assets | \$ 136,721 | \$ 104,665 |
| Accounts Payable | \$ 12,352 | \$ 8,165 |
| Current Maturities and Short-Term Debt | 5,506 | 8,243 |
| Other Current Liabilities | 32,235 | 20,777 |
| Current Liabilities | \$ 50,093 | \$ 37,185 |
| Long-Term Debt | 18,028 | 4,558 |
| Long-Term Pension Liabilities | 29,606 | 31,628 |
| Other Long-Term Liabilities | 2,863 | 828 |
| Total Liabilities | 100,590 | 74,199 |
| Shareholders' Investment | 36,131 | 30,466 |
| Total Liabilities and Shareholders' Investment | \$ 136,721 | \$ 104,665 |

SELECTED FINANCIAL DATA

| | September 30 2017 | December 31 2016 |
|-----------------------------|----------------------|---------------------|
| Book Value per Common Share | \$30.20 | \$25.39 |
| Total Shares Outstanding | 1,196,261 | 1,200,021 |
| Backlog | \$ 89,995 | \$ 44,241 |

CONSOLIDATED STATEMENT OF SHAREHOLDERS' INVESTMENT

| | Common Stock | Paid-in Surplus | Retained Earnings | Treasury Stock | Accumulated Other Comprehensive Income (Loss) | Total |
|--|--------------|-----------------|-------------------|----------------|---|-----------|
| Balance, December 31, 2016 | \$ 1,508 | \$ 9,708 | \$ 61,582 | \$ (6,227) | \$ (36,105) | \$ 30,466 |
| Add (Deduct): | | | | | | |
| Net Income | | | 2,316 | | | 2,316 |
| Other Comprehensive Income, Net of Tax | | | | | 3,451 | 3,451 |
| Treasury Stock Acquisition | | | | (102) | | (102) |
| Balance, September 30, 2017 | \$ 1,508 | \$ 9,708 | \$ 63,898 | \$ (6,329) | \$ (32,654) | \$ 36,131 |

CONSOLIDATED STATEMENT OF CASH FLOWS

| | Nine Months Ended September 30, 2017 | Nine Months Ended September 30, 2016 |
|--|--|--|
| Operating Activities: | | |
| Net Income (Loss) | \$ 2,316 | \$ (1,526) |
| Adjustment to Reconcile Net Income to Net Cash Provided by Operating Activities: | | |
| Pension Contributions (Greater) Less than Expense | (2,023) | 5,132 |
| Bad Debt Expense (Recovery) | 78 | 12 |
| Depreciation & Amortization | 4,361 | 4,545 |
| (Gain) Loss on Sales of Equipment | (55) | (20) |
| Other | (20) | (66) |
| Change in Assets and Liabilities | | |
| (Inc) Dec in Accts and Notes Receivable | (4,064) | (1,532) |
| (Inc) Dec in Cost in Excess of Estimated Earnings and Billings | 166 | (521) |
| (Inc) Dec in Inventories | (1,569) | 6,301 |
| (Inc) Dec in Prepayments | (2,342) | (1,907) |
| (Inc) Dec Other Assets | (358) | (1) |
| Inc (Dec) in Accounts Payable | 3,323 | 136 |
| Inc (Dec) Other Accrued Expenses | 3,354 | (1,304) |
| Inc (Dec) Advanced Billings | 2,778 | (4,095) |
| Inc (Dec) in Billings in Excess of Costs and Estimated Earnings | 4,096 | (1,616) |
| Inc (Dec) In Other Liabilities | 21 | (478) |
| Net Cash Provided by Operating Activities | \$ 10,062 | \$ 3,060 |
| Investing Activities | | |
| Proceeds from Sales of Equipment | 164 | 61 |
| Additions to Property and Equipment | (12,730) | (3,859) |
| Net Cash Required for Investing Activities | \$ (12,566) | \$ (3,798) |
| Financing Activities | | |
| Proceeds (Repayment) of Short-Term Borrowings, Net | (3,867) | 1,983 |
| (Repayment) Proceeds of Long-Term Debt | 13,010 | (311) |
| Treasury Stock Acquisitions | (102) | (1,051) |
| Net Cash Provided for Financing Activities | \$ 9,041 | \$ 621 |
| Effect of Exchange Rate Changes | (355) | (77) |
| Net Increase (Decrease) in Cash and Cash Equivalents | \$ 6,182 | \$ (194) |
| Cash and Cash Equivalents at Beginning of Year | 357 | 545 |
| Cash and Cash Equivalents at End of Quarter | \$ 6,539 | \$ 351 |

PAUL MUELLER COMPANY
SUMMARIZED NOTES TO THE FINANCIAL STATEMENTS
(In thousands)

- A. The chart below depicts the net revenue on a consolidating basis for the three months ended September 30.

| Three Months Ended September 30 | | |
|---------------------------------|----------|----------|
| <i>Revenue</i> | 2017 | 2016 |
| Domestic | \$34,898 | \$31,095 |
| Mueller BV | \$13,541 | \$13,352 |
| Eliminations | (\$168) | (\$331) |
| Net Revenue | \$48,271 | \$44,116 |

The chart below depicts the net revenue on a consolidating basis for the nine months ended September 30.

| Nine Months Ended September 30 | | |
|--------------------------------|-----------|-----------|
| <i>Revenue</i> | 2017 | 2016 |
| Domestic | \$89,381 | \$85,767 |
| Mueller BV | \$36,555 | \$45,941 |
| Eliminations | (\$424) | (\$907) |
| Net Revenue | \$125,512 | \$130,801 |

The chart below depicts the net revenue on a consolidating basis for the twelve months ended September 30.

| Twelve Months Ended September 30 | | |
|----------------------------------|-----------|-----------|
| <i>Revenue</i> | 2017 | 2016 |
| Domestic | \$114,643 | \$112,364 |
| Mueller BV | \$48,715 | \$63,921 |
| Eliminations | (\$626) | (\$1,345) |
| Net Revenue | \$162,732 | \$174,940 |

The chart below depicts the net income on a consolidating basis for the three months ended September 30.

| Three Months Ended September 30 | | |
|---------------------------------|---------|-----------|
| <i>Net Income</i> | 2017 | 2016 |
| Domestic | \$2,002 | (\$3,244) |
| Mueller BV | (\$191) | \$62 |
| Eliminations | (\$5) | (\$17) |
| Net Income | \$1,806 | (\$3,199) |

The chart below depicts the net income on a consolidating basis for the nine months ended September 30.

| Nine Months Ended September 30 | | |
|--------------------------------|---------|-----------|
| <i>Net Income</i> | 2017 | 2016 |
| Domestic | \$2,851 | (\$3,233) |
| Mueller BV | (\$602) | \$1,642 |
| Eliminations | \$67 | \$65 |
| Net Income | \$2,316 | (\$1,526) |

The chart below depicts the net income on a consolidating basis for the twelve months ended September 30.

| Twelve Months Ended September 30 | | |
|----------------------------------|---------|-----------|
| <i>Net Income</i> | 2017 | 2016 |
| Domestic | \$2,129 | (\$1,886) |
| Mueller BV | (\$689) | \$1,948 |
| Eliminations | \$121 | \$90 |
| Net Income | \$1,561 | \$152 |

- B.** Backlog increased during the third quarter from \$80 million to \$90 million, which is more than twice the backlog at the beginning of 2017. Among the significant orders in backlog are a series of related pharmaceutical orders, most of which were entered in the first quarter of 2017, and which contributed to revenue beginning in the third quarter of 2017 and expected to continue contributing to revenue through the second quarter of 2018. There is also unusually high backlog for dairy farm products to be delivered in the United States and Canada, which is expected to sustain the current high revenue for this group through, at least, the second quarter of 2018.

The slow market for dairy farm related products in The Netherlands is the primary cause of the loss recorded by Mueller BV, the company's Dutch subsidiary. Dutch dairy farmers face regulatory uncertainty related to a switch from a milk quota system to new regulations controlling animal waste. The situation is expected to improve only when details of the implementation are clarified.

On a brighter note, due to the efforts of DEG, Mueller BV's recent acquisition, this group is working with €6 million in backlog for heat transfer products, which is expected to contribute to revenue in the first half of 2018. In the meantime, the construction project in Groenlo is proceeding smoothly and, after some higher transition costs, is expected to generate cost savings and operational improvements when complete in the summer of 2018. As of September 30, 2017, the long-term debt of \$18.0 million includes \$13.2 million related to the construction project in Groenlo.

- C. The pre-tax results for the nine months ended September 30, 2017, were unfavorably affected by a \$476,000 increase in the LIFO reserve. The pre-tax results for the twelve months ended September 30, 2017, were favorably affected by a \$24,000 decrease in the LIFO reserve. The pre-tax results for the nine months ended September 30, 2016, were unfavorably affected by a \$1,000,000 increase in the LIFO reserve. The pre-tax results for the twelve months ended September 30, 2016, were unfavorably affected by a \$450,000 increase in the LIFO reserve.
- D. The Company completed the lump sum pension payments to participants who elected to take the settlement. These payments, paid from the assets of the plans, were available for participants who were no longer employed by the company as of May 6, 2016, but who had not yet begun receiving their benefit. The eligible participants represented about a quarter of the obligations of the plans and just over 50% of those eligible elected the settlement. The payments, totaling \$13.8 million to 218 participants, were made on or about September 26, 2016. The results for the nine and twelve months ended September 30, 2016 contained a negative noncash effect on the pre-tax earnings of the Company of \$6.72 million.
- E. The consolidated financials are affected by the euro to dollar exchange rate when consolidating Mueller B.V., the Dutch subsidiary. The month end euro to dollar exchange rate was 1.12 for September 2016; 1.05 for December 2016; 1.18 for September 2017, respectively.

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 2016 Annual Report, which is available at paulmueller.com. The Company expressly disclaims any obligation or undertaking to update these forward-looking statements to reflect any future events or circumstances.

The accounting policies related to this report and additional management discussion and analysis are provided in the 2016 annual report, available at www.paulmueller.com.