

For Immediate Release

**Paul Mueller Company Announces its Earnings for the year 2014**

Springfield, Missouri – March 19, 2015. Paul Mueller Company (OTC: MUEL) today announced earnings for the year ended December 31, 2014. The 2014 Annual Report is available at: [www.paulmueller.com](http://www.paulmueller.com).

**PAUL MUELLER COMPANY AND SUBSIDIARIES  
 TWELVE-MONTH REPORT**

| CONSOLIDATED STATEMENTS OF INCOME           |                    |               |                     |                |         |
|---|--------------------|---------------|---------------------|----------------|---------|
|   | Three Months Ended |               | Twelve Months Ended |                |         |
|   | December 31        |               | December 31         |                |         |
|   | 2014               | 2013          | 2014                | 2013           |         |
| Net Revenue                                 | \$ 50,555,000      | \$ 49,754,000 | \$ 200,713,000      | \$ 181,257,000 |         |
| Cost of Sales                               | 37,285,000         | 34,024,000    | 147,189,000         | 126,510,000    |         |
| Gross Profit                                | \$ 13,270,000      | \$ 15,730,000 | \$ 53,524,000       | \$ 54,747,000  |         |
| Selling, General and Administrative Expense | 11,283,000         | 10,569,000    | 42,616,000          | 40,662,000     |         |
| Operating Income                            | \$ 1,987,000       | \$ 5,161,000  | \$ 10,908,000       | \$ 14,085,000  |         |
| Other Income (Expense)                      | (358,000)          | (218,000)     | (894,000)           | (883,000)      |         |
| Income before Provision for Income Taxes    | \$ 1,629,000       | \$ 4,943,000  | \$ 10,014,000       | \$ 13,202,000  |         |
| Provision (Benefit) for Income Taxes        | 643,000            | (6,896,000)   | 3,137,000           | (5,691,000)    |         |
| Net Income                                  | \$ 986,000         | \$ 11,839,000 | \$ 6,877,000        | \$ 18,893,000  |         |
| Earnings per Common Share                   |                    |               |                     |                |         |
|   | Basic              | \$0.80        | \$9.65              | \$5.60         | \$15.55 |
|   | Diluted            | \$0.80        | \$9.58              | \$5.56         | \$15.45 |

| CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) |                     |               |  |
|--|---------------------|---------------|--|
|  | Twelve Months Ended |               |  |
|  | December 31         |               |  |
|  | 2014                | 2013          |  |
| Net Income   | \$ 6,877,000        | \$ 18,893,000 |  |
| Other Comprehensive Income, Net of Tax:                |                     |               |  |
| Foreign Currency Translation Adjustment                | (3,019,000)         | 1,006,000     |  |
| Change in Pension Liability                            | (11,531,000)        | 13,230,000    |  |
| Amortization of De-Designated Hedges                   | 33,000              | 22,000        |  |
| Comprehensive Income (Loss)                            | \$ (7,640,000)      | \$ 33,151,000 |  |

| CONSOLIDATED BALANCE SHEETS                    |                |                |  |
|--|----------------|----------------|--|
|  | December 31    |                |  |
|  | December 31    |                |  |
|  | 2014           | 2013           |  |
| Current Assets                                 | \$ 60,938,000  | \$ 57,228,000  |  |
| Net Property, Plant, and Equipment             | 34,646,000     | 35,730,000     |  |
| Other Assets                                   | 24,438,000     | 21,313,000     |  |
| Total Assets                                   | \$ 120,022,000 | \$ 114,271,000 |  |
| Current Liabilities                            | \$ 56,527,000  | \$ 51,613,000  |  |
| Long-Term Debt                                 | 1,991,000      | 8,776,000      |  |
| Other Long-Term Liabilities                    | 37,365,000     | 22,141,000     |  |
| Shareholders' Investment                       | 24,139,000     | 31,741,000     |  |
| Total Liabilities and Shareholders' Investment | \$ 120,022,000 | \$ 114,271,000 |  |

| SELECTED FINANCIAL DATA     |               |               |  |
|-----------------------------|---------------|---------------|--|
|                             | December 31   |               |  |
|                             | December 31   |               |  |
|                             | 2014          | 2013          |  |
| Book Value per Common Share | \$19.51       | \$25.65       |  |
| Total Shares Outstanding    | 1,237,379     | 1,237,591     |  |
| Backlog                     | \$ 53,953,000 | \$ 67,387,000 |  |

**CONSOLIDATED STATEMENT OF SHAREHOLDERS' INVESTMENT**

|  | Common Stock | Paid-in Surplus | Retained Earnings | Treasury Stock | Accumulated Other Comprehensive Income (Loss) | Total         |
|--|--------------|-----------------|-------------------|----------------|---|---------------|
| <b>Balance, December 31, 2013</b>      | \$ 1,508,000 | \$ 9,650,000    | \$ 48,382,000     | \$ (5,102,000) | \$ (22,697,000)                               | \$ 31,741,000 |
| <b>Add (Deduct):</b>                   |              |                 |                   |                |   |               |
| Net Income                             |              |                 | 6,877,000         |                |   | \$ 6,877,000  |
| Other Comprehensive Income, Net of Tax |              |                 |                   |                | (14,517,000)                                  | (14,517,000)  |
| Treasury Stock Acquisition             |              |                 |                   | (7,000)        |   | (7,000)       |
| Deferred Compensation                  |              | 45,000          |                   |                |   | 45,000        |
| <b>Balance, December 31, 2014</b>      | \$ 1,508,000 | \$ 9,695,000    | \$ 55,259,000     | \$ (5,109,000) | \$ (37,214,000)                               | \$ 24,139,000 |

**CONSOLIDATED STATEMENT OF CASH FLOWS**

|  | Twelve Months Ended<br>December 31,<br>2014 | Twelve Months Ended<br>December 31,<br>2013 |
|--|---|---|
| <b>Cash Flows from Operating Activities:</b>   |   |   |
| Net Income   | \$ 6,877,000                                | \$ 18,893,000                               |
| Adjustment to Reconcile Net Income to<br>Net Cash (Required) Provided by Operating Activities: |   |   |
| Pension Contributions (Greater) Less than Expense  | 3,890,000                                   | (550,000)                                   |
| Bad Debt Expense (Recovery)  | (57,000)                                    | 549,000                                     |
| Depreciation & Amortization  | 6,009,000                                   | 6,276,000                                   |
| Deferred Tax Expense   | 1,439,000                                   | 2,965,000                                   |
| Deferred Tax Valuation Allowance - Change  | (28,000)                                    | (10,039,000)                                |
| (Gain) Loss on Sales of Equipment  | (17,000)                                    | -   |
| Other  | 75,000                                      | 72,000                                      |
| Change in Assets and Liabilities, Net of Effect<br>of Acquisitions-                            |   |   |
| (Inc) Dec in Accts and Notes Receivable  | (1,681,000)                                 | (3,009,000)                                 |
| (Inc) Dec in Cost in Excess of Estimated Earnings and Billings                                 | (6,000)                                     | 990,000                                     |
| (Inc) Dec in Inventories   | (1,775,000)                                 | (2,748,000)                                 |
| (Inc) Dec in Prepayments   | (1,348,000)                                 | (600,000)                                   |
| (Inc) Dec Other Assets   | (2,398,000)                                 | 338,000                                     |
| (Inc) Dec Deferred Tax Assets  | (7,223,000)                                 | 103,000                                     |
| Inc (Dec) in Accounts Payable  | 4,697,000                                   | (1,054,000)                                 |
| Inc (Dec) Other Accrued Expenses   | 950,000                                     | 920,000                                     |
| Inc (Dec) Advanced Billings  | (1,953,000)                                 | 139,000                                     |
| Inc (Dec) in Billings in Excess of Costs and Estimated Earnings                                | (1,538,000)                                 | 301,000                                     |
| <b>Net Cash (Required) Provided by Operating Activities</b>                                    | \$ 5,913,000                                | \$ 13,546,000                               |
| <b>Cash Flows (Requirements) from Investing Activities</b>                                     |   |   |
| Proceeds from Sales of Equipment   | 55,000                                      | 53,000                                      |
| Additions to Property and Equipment  | (6,983,000)                                 | (6,650,000)                                 |
| <b>Net Cash (Required) Provided by Investing Activities</b>                                    | \$ (6,928,000)                              | \$ (6,597,000)                              |
| <b>Cash Flows (Requirements) from Financing Activities</b>                                     |   |   |
| Proceeds (Repayment) of Short-Term Borrowings  | 6,605,000                                   | (2,946,000)                                 |
| Proceeds (Repayment) of Long-Term Debt   | (3,993,000)                                 | (3,694,000)                                 |
| Treasury Stock Acquisitions  | (8,000)                                     | (45,000)                                    |
| Other  | -   | 22,000                                      |
| <b>Net Cash (Required) Provided by Financing Activities</b>                                    | \$ 2,604,000                                | \$ (6,663,000)                              |
| <b>Effect of Exchange Rate Changes</b>   | (366,000)                                   | (537,000)                                   |
| <b>Net Increase (Decrease) in Cash and Cash Equivalents</b>                                    | \$ 1,223,000                                | \$ (251,000)                                |
| <b>Cash and Cash Equivalents at Beginning of Year</b>  | 179,000                                     | 430,000                                     |
| <b>Cash and Cash Equivalents at End of Year</b>  | \$ 1,402,000                                | \$ 179,000                                  |

Paul Mueller Company is a manufacturer of high quality stainless steel equipment used worldwide on dairy farms and in wide varieties of industrial applications, including food, dairy, and beverage processing; transportation; pharmaceutical, biotechnological, and chemical processing; water distillation; heat transfer; heat recovery; HVAC; and process cooling.

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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 34 of the Company's 2014 Annual Report, which is available at [www.paulmueller.com](http://www.paulmueller.com). The Company expressly disclaims any obligation or undertaking to update these forward-looking statements to reflect any future events or circumstances.

**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 December 31.

| Three Months Ended December 31 |               |              |
|--------------------------------|---------------|--------------|
| Revenue                        | 2014          | 2013         |
| Domestic                       | \$33,972,000  | \$31,467,000 |
| Mueller BV                     | \$17,648,000  | \$18,653,000 |
| Eliminations                   | (\$1,065,000) | (\$366,000)  |
| Net Revenue                    | \$50,555,000  | \$49,754,000 |

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

| Twelve Months Ended December 31 |               |               |
|---------------------------------|---------------|---------------|
| Revenue                         | 2014          | 2013          |
| Domestic                        | \$132,846,000 | \$122,122,000 |
| Mueller BV                      | \$70,915,000  | \$61,603,000  |
| Eliminations                    | (\$3,048,000) | (\$2,468,000) |
| Net Revenue                     | \$200,713,000 | \$181,257,000 |

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

| Three Months Ended December 31 |             |              |
|--------------------------------|-------------|--------------|
| Net Income                     | 2014        | 2013         |
| Domestic                       | (\$74,000)  | \$10,388,000 |
| Mueller BV                     | \$1,168,000 | \$1,366,000  |
| Eliminations                   | (\$108,000) | \$85,000     |
| Net Income                     | \$986,000   | \$11,839,000 |

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

| Twelve Months Ended December 31 |             |              |
|---------------------------------|-------------|--------------|
| Net Income                      | 2014        | 2013         |
| Domestic                        | \$2,345,000 | \$15,278,000 |
| Mueller BV                      | \$4,534,000 | \$3,581,000  |
| Eliminations                    | (\$2,000)   | \$34,000     |
| Net Income                      | \$6,877,000 | \$18,893,000 |

- B.** The results for the three months ended December 31, 2014 were unfavorably affected by a \$516,000 increase in the LIFO reserve. The results for the twelve months ended December 31, 2014, were unfavorably affected by a \$1,016,000 increase in the LIFO reserve. The results for the three and twelve months ended December 31, 2013, were both favorably affected by a \$665,000 decrease in the LIFO reserve.
- C.** The change in the valuation allowance against the net deferred tax assets did not materially affect Net Income for the twelve months ended December 31, 2014. The results for the twelve months ended December 31, 2013, were favorably affected by a \$10,120,000 reduction in the valuation allowance.
- D.** The company’s subsidiary, Mueller Field Operations, Inc. was involved in an accident involving a field fabricated tank on September 14, 2014. A \$2,900,000 reserve was established for the full contract value of the original order and certain insurance deductibles. While various contractual and insurance issues are still uncertain, the \$2,900,000 reserve is still management’s best estimate.

**(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.

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