

For Immediate Release

Paul Mueller Company Announces its Second Quarter Earnings for the year 2015

Springfield, Missouri – July 31, 2015. Paul Mueller Company (OTC: MUEL) today announced earnings for the quarter ended June 30, 2015.

PAUL MUELLER COMPANY
SIX-MONTH REPORT
 Unaudited

CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended June 30		Six Months Ended June 30		Twelve Months Ended June 30	
	2015	2014	2015	2014	2015	2014
	Net Sales	\$ 49,710,000	\$ 52,826,000	\$ 94,353,000	\$ 98,838,000	\$ 196,228,000
Cost of Sales	34,692,000	36,696,000	67,133,000	70,379,000	143,943,000	135,704,000
Gross Profit	\$ 15,018,000	\$ 16,130,000	\$ 27,220,000	\$ 28,459,000	\$ 52,285,000	\$ 57,272,000
Selling, General and Administrative Expense	10,214,000	10,819,000	20,028,000	21,346,000	41,298,000	41,843,000
Operating Income	\$ 4,804,000	\$ 5,311,000	\$ 7,192,000	\$ 7,113,000	\$ 10,987,000	\$ 15,429,000
Other Income (Expense)	(417,000)	(248,000)	(547,000)	(362,000)	(1,079,000)	(807,000)
Income before Provision for Income Taxes	\$ 4,387,000	\$ 5,063,000	\$ 6,645,000	\$ 6,751,000	\$ 9,908,000	\$ 14,622,000
Provision (Benefit) for Income Taxes	1,360,000	1,715,000	2,012,000	2,161,000	2,988,000	(4,289,000)
Net Income	\$ 3,027,000	\$ 3,348,000	\$ 4,633,000	\$ 4,590,000	\$ 6,920,000	\$ 18,911,000
Earnings per Common Share —						
Basic	\$2.45	\$2.72	\$3.76	\$3.74	\$5.62	\$15.40
Diluted	\$2.45	\$2.71	\$3.74	\$3.71	\$5.60	\$15.30

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Six Months Ended June 30	
	2015	2014
Net Income	\$ 4,633,000	\$ 4,590,000
Other Comprehensive Income, Net of Tax:		
Foreign Currency Translation Adjustment	(2,510,000)	(363,000)
Amortization of De-Designated Hedges	(6,000)	14,000
Comprehensive Income	\$ 2,117,000	\$ 4,241,000

CONSOLIDATED BALANCE SHEETS

	June 30 2015	December 31 2014
Accounts Receivable	\$ 23,755,000	\$ 24,289,000
Inventories	33,223,000	26,517,000
Other Current Assets	8,424,000	10,132,000
Current Assets	\$ 65,402,000	\$ 60,938,000
Net Property, Plant, and Equipment	37,150,000	34,646,000
Other Assets	23,124,000	24,438,000
Total Assets	\$ 125,676,000	\$ 120,022,000
Accounts Payable	\$ 15,752,000	\$ 10,843,000
Current Maturities and Short-Term debt	16,098,000	23,136,000
Other Current Liabilities	25,836,000	22,548,000
Current Liabilities	\$ 57,686,000	\$ 56,527,000
Long-Term Debt	4,723,000	1,991,000
Long-Term Pension Liabilities	35,934,000	36,004,000
Other Long-Term Liabilities	1,069,000	1,361,000
Total Liabilities	99,412,000	95,883,000
Shareholders' Investment	26,264,000	24,139,000
Total Liabilities and Shareholders' Investment	\$ 125,676,000	\$ 120,022,000

SELECTED FINANCIAL DATA

	June 30 2015	December 31 2014
Book Value per Common Share	\$21.23	\$19.51
Total Shares Outstanding	1,237,220	1,237,379
Backlog	\$ 55,315,000	\$ 53,953,000

CONSOLIDATED STATEMENT OF SHAREHOLDERS' INVESTMENT

	Common Stock	Paid-in Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2014	\$ 1,508,000	\$ 9,695,000	\$ 55,259,000	\$ (5,109,000)	\$ (37,214,000)	\$ 24,139,000
Add (Deduct):						
Net Income			4,633,000			4,633,000
Other Comprehensive Income, Net of Tax					(2,516,000)	(2,516,000)
Treasury Stock Acquisition				(5,000)		(5,000)
Deferred Compensation		13,000				13,000
Balance, June 30, 2015	\$ 1,508,000	\$ 9,708,000	\$ 59,892,000	\$ (5,114,000)	\$ (39,730,000)	\$ 26,264,000

CONSOLIDATED STATEMENT OF CASH FLOWS

	Six Months Ended June 30, 2015	Six Months Ended June 30, 2014
Operating Activities:		
Net Income	\$ 4,633,000	\$ 4,590,000
Adjustment to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Pension Contributions (Greater) Less than Expense	(71,000)	(873,000)
Bad Debt Expense (Recovery)	36,000	(52,000)
Depreciation & Amortization	2,782,000	2,759,000
(Gain) Loss on Sales of Equipment	(27,000)	(17,000)
Other	(44,000)	35,000
Change in Assets and Liabilities		
(Inc) Dec in Accts and Notes Receivable	(602,000)	(2,264,000)
(Inc) Dec in Cost in Excess of Estimated Earnings and Billings	115,000	(174,000)
(Inc) Dec in Inventories	(7,799,000)	(2,560,000)
(Inc) Dec in Prepayments	530,000	(134,000)
(Inc) Dec Other Assets	405,000	365,000
Inc (Dec) in Accounts Payable	6,283,000	4,673,000
Inc (Dec) Other Accrued Expenses	628,000	(1,122,000)
Inc (Dec) Advanced Billings	2,658,000	2,474,000
Inc (Dec) in Billings in Excess of Costs and Estimated Earnings	(177,000)	139,000
Inc (Dec) In Other Liabilities	(182,000)	86,000
Net Cash Provided by Operating Activities	\$ 9,168,000	\$ 7,925,000
Investing Activities		
Proceeds from Sales of Equipment	45,000	39,000
Additions to Property and Equipment	(7,179,000)	(2,426,000)
Net Cash Required for Investing Activities	\$ (7,134,000)	\$ (2,387,000)
Financing Activities		
Repayment of Short-Term Borrowings, Net	(5,911,000)	(1,070,000)
Proceeds (Repayment) of Long-Term Debt	2,902,000	(3,616,000)
Treasury Stock Acquisitions	(5,000)	-
Other	-	14,000
Net Cash Required for Financing Activities	\$ (3,014,000)	\$ (4,672,000)
Effect of Exchange Rate Changes	(119,000)	(400,000)
Net Increase (Decrease) in Cash and Cash Equivalents	\$ (1,099,000)	\$ 466,000
Cash and Cash Equivalents at Beginning of Year	1,402,000	179,000
Cash and Cash Equivalents at End of Quarter	\$ 303,000	\$ 645,000

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 June 30.

Three Months Ended June 30		
<i>Revenue</i>	2015	2014
Domestic	\$32,506,000	\$34,844,000
Mueller BV	\$17,892,000	\$18,757,000
Eliminations	(\$688,000)	(\$775,000)
Net Revenue	\$49,710,000	\$52,826,000

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

Six Months Ended June 30		
<i>Revenue</i>	2015	2014
Domestic	\$62,476,000	\$63,738,000
Mueller BV	\$33,396,000	\$36,407,000
Eliminations	(\$1,519,000)	(\$1,307,000)
Net Revenue	\$94,353,000	\$98,838,000

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

Twelve Months Ended June 30		
<i>Revenue</i>	2015	2014
Domestic	\$131,584,000	\$126,459,000
Mueller BV	\$67,904,000	\$69,221,000
Eliminations	(\$3,260,000)	(\$2,704,000)
Net Revenue	\$196,228,000	\$192,976,000

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

Three Months Ended June 30		
<i>Net Income</i>	2015	2014
Domestic	\$1,298,000	\$2,127,000
Mueller BV	\$1,747,000	\$1,180,000
Eliminations	(\$18,000)	\$41,000
Net Income	\$3,027,000	\$3,348,000

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

Six Months Ended June 30		
<i>Net Income</i>	2015	2014
Domestic	\$1,768,000	\$2,151,000
Mueller BV	\$2,939,000	\$2,341,000
Eliminations	(\$74,000)	\$98,000
Net Income	\$4,633,000	\$4,590,000

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

Twelve Months Ended June 30		
<i>Net Income</i>	2015	2014
Domestic	\$1,962,000	\$14,647,000
Mueller BV	\$5,132,000	\$4,222,000
Eliminations	(\$174,000)	\$42,000
Net Income	\$6,920,000	\$18,911,000

- B. The results for the twelve months ended June 30, 2015, were unfavorably affected by a \$1,016,000 increase in the LIFO reserve. The results for the twelve months ended June 30, 2014, were favorably affected by a \$665,000 decrease in the LIFO reserve.
- C. The results for the twelve months ended June 30, 2014, were favorably affected by a \$10,120,000 reduction in the valuation allowance against the net deferred tax assets.
- D. The results for the twelve months ended June 30, 2015 were adversely affected by an accident on September 14, 2014 involving the construction of a field fabricated tank. A reserve of \$2,900,000 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 impact is still management's best estimate. The Company has completed the fabrication of a new tank which is now in operation.
- E. The results for the twelve months ended June 30, 2015, included an \$11,531,000 non-cash, pre-tax adjustment to Other Comprehensive Income which reduced shareholders' investment. The adjustment was caused by an increase in the pensions' underfunded status due to market conditions and actuarial assumptions. The results for the twelve months ended June 30, 2014, included a non-cash, pre-tax adjustment to Other Comprehensive Income of \$13,230,000 which increased shareholders' investment. The adjustment was caused by a decrease in the pensions' underfunded status due to market conditions and actuarial assumptions.
- F. 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 1.36 for June, 2014; 1.22 for December, 2014 and 1.11 for June, 2015, 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.

For all other relevant accounting policies, please see the annual report, which is available at:
www.paulmueller.com

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 under “Safe Harbor for Forward-Looking Statements” in the Company’s latest 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.