

For Immediate Release

Paul Mueller Company Announces Its Third Quarter Earnings for the Year 2015

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

PAUL MUELLER COMPANY
NINE-MONTH REPORT
 Unaudited

CONSOLIDATED STATEMENTS OF INCOME							
	Three Months Ended September 30		Nine Months Ended September 30		Twelve Months Ended September 30		
	2015	2014	2015	2014	2015	2014	
	Net Sales	\$ 40,102,000	\$ 51,320,000	\$ 134,456,000	\$ 150,158,000	\$ 185,011,000	
Cost of Sales	27,133,000	39,525,000	94,266,000	109,904,000	131,551,000	143,928,000	
Gross Profit	\$ 12,969,000	\$ 11,795,000	\$ 40,190,000	\$ 40,254,000	\$ 53,460,000	\$ 55,983,000	
Selling, General and Administrative Expense	10,295,000	9,988,000	30,324,000	31,334,000	41,606,000	41,903,000	
Operating Income	\$ 2,674,000	\$ 1,807,000	\$ 9,866,000	\$ 8,920,000	\$ 11,854,000	\$ 14,080,000	
Other Income (Expense)	(63,000)	(173,000)	(610,000)	(535,000)	(969,000)	(752,000)	
Income before Provision for Income Taxes	\$ 2,611,000	\$ 1,634,000	\$ 9,256,000	\$ 8,385,000	\$ 10,885,000	\$ 13,328,000	
Provision (Benefit) for Income Taxes	318,000	333,000	2,330,000	2,494,000	2,973,000	(4,402,000)	
Net Income	\$ 2,293,000	\$ 1,301,000	\$ 6,926,000	\$ 5,891,000	\$ 7,912,000	\$ 17,730,000	
Earnings per Common Share							
Basic	\$1.85	\$1.06	\$5.61	\$4.80	\$6.41	\$14.44	
Diluted	\$1.85	\$1.05	\$5.60	\$4.77	\$6.39	\$14.34	

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME			
	Nine Months Ended September 30		
	2015	2014	
Net Income	\$ 6,926,000	\$ 5,891,000	
Other Comprehensive Income, Net of Tax:			
Foreign Currency Translation Adjustment	(2,108,000)	(2,107,000)	
Amortization of De-Designated Hedges	(1,000)	25,000	
Comprehensive Income	\$ 4,817,000	\$ 3,809,000	

CONSOLIDATED BALANCE SHEETS			
	September 30	December 31	
	2015	2014	
Accounts Receivable	\$ 26,709,000	\$ 24,289,000	
Inventories	34,409,000	26,517,000	
Other Current Assets	7,411,000	10,132,000	
Current Assets	\$ 68,529,000	\$ 60,938,000	
Net Property, Plant, and Equipment	35,320,000	34,646,000	
Other Assets	23,581,000	24,438,000	
Total Assets	\$ 127,430,000	\$ 120,022,000	
Accounts Payable	\$ 13,414,000	\$ 10,843,000	
Current Maturities and Short-Term debt	16,646,000	23,136,000	
Other Current Liabilities	26,821,000	22,548,000	
Current Liabilities	\$ 56,881,000	\$ 56,527,000	
Long-Term Debt	5,146,000	1,991,000	
Long-Term Pension Liabilities	35,384,000	36,004,000	
Other Long-Term Liabilities	1,055,000	1,361,000	
Total Liabilities	98,466,000	95,883,000	
Shareholders' Investment	28,964,000	24,139,000	
Total Liabilities and Shareholders' Investment	\$ 127,430,000	\$ 120,022,000	

SELECTED FINANCIAL DATA

	September 30 2015	December 31 2014
Book Value per Common Share	\$23.41	\$19.51
Total Shares Outstanding	1,237,220	1,237,379
Backlog	\$ 54,955,000	\$ 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	<u>\$ 1,508,000</u>	<u>\$ 9,695,000</u>	<u>\$ 55,259,000</u>	<u>\$ (5,109,000)</u>	<u>\$ (37,214,000)</u>	<u>\$ 24,139,000</u>
Add (Deduct):						
Net Income			6,926,000			6,926,000
Other Comprehensive Income, Net of Tax					(2,109,000)	(2,109,000)
Treasury Stock Acquisition				(5,000)		(5,000)
Deferred Compensation		13,000				13,000
Balance, September 30, 2015	<u>\$ 1,508,000</u>	<u>\$ 9,708,000</u>	<u>\$ 62,185,000</u>	<u>\$ (5,114,000)</u>	<u>\$ (39,323,000)</u>	<u>\$ 28,964,000</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

	Nine Months Ended September 30, 2015	Nine Months Ended September 30, 2014
Operating Activities:		
Net Income	\$ 6,926,000	\$ 5,891,000
Adjustment to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Pension Contributions (Greater) Less than Expense	(621,000)	(3,432,000)
Bad Debt Expense (Recovery)	36,000	(46,000)
Depreciation & Amortization	4,094,000	4,284,000
Deferred Tax (Benefit) Expense	(596,000)	16,000
(Gain) Loss on Sales of Equipment	48,000	(15,000)
Other	(65,000)	50,000
Change in Assets and Liabilities		
(Inc) Dec in Accts and Notes Receivable	(3,335,000)	(1,577,000)
(Inc) Dec in Cost in Excess of Estimated Earnings and Billings	(1,000)	(188,000)
(Inc) Dec in Inventories	(8,827,000)	(2,683,000)
(Inc) Dec in Prepayments	1,844,000	(2,101,000)
(Inc) Dec Other Assets	(1,691,000)	1,290,000
Inc (Dec) in Accounts Payable	4,285,000	4,983,000
Inc (Dec) Other Accrued Expenses	(2,736,000)	1,594,000
Inc (Dec) Advanced Billings	6,091,000	1,205,000
Inc (Dec) in Billings in Excess of Costs and Estimated Earnings	241,000	(1,957,000)
Inc (Dec) In Other Liabilities	(176,000)	(11,000)
Net Cash Provided by Operating Activities	<u>\$ 5,517,000</u>	<u>\$ 7,303,000</u>
Investing Activities		
Proceeds from Sales of Equipment	48,000	39,000
Additions to Property and Equipment	(6,483,000)	(3,459,000)
Net Cash Required for Investing Activities	<u>\$ (6,435,000)</u>	<u>\$ (3,420,000)</u>
Financing Activities		
Proceeds (Repayment) of Short-Term Borrowings, Net	(5,444,000)	147,000
Proceeds (Repayment) of Long-Term Debt	5,526,000	(3,829,000)
Treasury Stock Acquisitions	(5,000)	(8,000)
Net Cash Required for Financing Activities	<u>\$ 77,000</u>	<u>\$ (3,690,000)</u>
Effect of Exchange Rate Changes	<u>18,000</u>	<u>(102,000)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>\$ (823,000)</u>	<u>\$ 91,000</u>
Cash and Cash Equivalents at Beginning of Year	<u>1,402,000</u>	<u>179,000</u>
Cash and Cash Equivalents at End of Quarter	<u>\$ 579,000</u>	<u>\$ 270,000</u>

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 September 30.

Three Months Ended September 30		
Revenue	2015	2014
Domestic	\$28,308,000	\$35,135,000
Mueller BV	\$12,201,000	\$16,861,000
Eliminations	(\$407,000)	(\$676,000)
Net Revenue	\$40,102,000	\$51,320,000

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

Nine Months Ended September 30		
Revenue	2015	2014
Domestic	\$90,784,000	\$98,874,000
Mueller BV	\$45,597,000	\$53,268,000
Eliminations	(\$1,925,000)	(\$1,984,000)
Net Revenue	\$134,456,000	\$150,158,000

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

Twelve Months Ended September 30		
Revenue	2015	2014
Domestic	\$124,756,000	\$130,341,000
Mueller BV	\$63,245,000	\$71,920,000
Eliminations	(\$2,990,000)	(\$2,350,000)
Net Revenue	\$185,011,000	\$199,911,000

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

Three Months Ended September 30		
Net Income	2015	2014
Domestic	\$1,471,000	\$268,000
Mueller BV	\$825,000	\$1,025,000
Eliminations	(\$3,000)	\$8,000
Net Income	\$2,293,000	\$1,301,000

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

Nine Months Ended September 30		
Net Income	2015	2014
Domestic	\$3,239,000	\$2,419,000
Mueller BV	\$3,764,000	\$3,366,000
Eliminations	(\$77,000)	\$106,000
Net Income	\$6,926,000	\$5,891,000

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

Twelve Months Ended September 30		
Net Income	2015	2014
Domestic	\$3,165,000	\$12,808,000
Mueller BV	\$4,933,000	\$4,731,000
Eliminations	(\$186,000)	\$191,000
Net Income	\$7,912,000	\$17,730,000

- B.** The results for the three and nine months ended September 30, 2014, were unfavorably affected by a \$500,000 increase in LIFO reserve. The results for the twelve months ended September 30, 2014, were favorably affected by a \$165,000 decrease in the LIFO reserve. The results for the three and nine months ended September 30, 2015, were favorably affected by a \$500,000 decrease in the LIFO reserve. The results for the twelve months ended September 30, 2015, were unfavorably affected by a \$16,000 increase in the LIFO reserve.
- C.** The results for the twelve months ended September 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 three, nine, and twelve months ended September 30, 2014 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, and now subject to a lawsuit brought against Mueller Field Operations and its insurers, 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 September 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 September 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 1.27 for September, 2014, 1.22 for December, 2014 and 1.12 for September, 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 on page 34 of the Company’s 2014 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.