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For Immediate Release

## Paul Mueller Company Announces Its First Quarter Earnings of 2018

Springfield, Missouri – April 27, 2018, Paul Mueller Company (OTC: MUEL) today announced earnings for the quarter ended March 31, 2018.

### PAUL MUELLER COMPANY THREE-MONTH REPORT

Unaudited

#### CONSOLIDATED STATEMENTS OF INCOME

(In thousands)	Three Months Ended		Twelve Months Ended	
	March 31		March 31	
	2018	2017	2018	2017
Net Sales	\$ 46,078	\$ 37,611	\$ 176,424	\$ 164,471
Cost of Sales	33,802	27,017	125,772	121,463
Gross Profit	\$ 12,276	\$ 10,594	\$ 50,652	\$ 43,008
Selling, General and Administrative Expense	11,422	10,483	44,049	47,506
Operating Income (Loss)	\$ 854	\$ 111	\$ 6,603	\$ (4,498)
Interest Expense	(346)	(50)	(626)	(308)
Other Income (Expense)	48	(90)	(2,045)	167
Income (Loss) before Provision (Benefit) for Income Taxes	\$ 556	\$ (29)	\$ 3,932	\$ (4,639)
Provision (Benefit) for Income Taxes	174	114	5,733	(1,304)
Net Income (Loss)	\$ 382	\$ (143)	\$ (1,801)	\$ (3,335)
Earnings (Loss) per Common Share – Basic	\$0.32	(\$0.12)	(\$1.51)	(\$2.78)
Diluted	\$0.32	(\$0.12)	(\$1.51)	(\$2.78)

#### CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Three Months Ended	
	2018	2017
Net Income (Loss)	\$ 382	\$ (143)
Other Comprehensive Income, Net of Tax:		
Foreign Currency Translation Adjustment	727	556
Amortization of De-Designated Hedges	-	3
Comprehensive Income	\$ 1,109	\$ 416

#### CONSOLIDATED BALANCE SHEETS

	March 31 2018	December 31 2017
Cash and Short-Term Investments	\$ 2,266	\$ 6,571
Accounts Receivable	27,424	22,680
Inventories	34,943	31,080
Other Current Assets	3,047	2,519
Current Assets	\$ 67,680	\$ 62,850
Net Property, Plant, and Equipment	57,725	51,586
Other Assets	25,772	25,458
Total Assets	\$ 151,177	\$ 139,894
Accounts Payable	\$ 16,337	\$ 14,242
Current Maturities and Short-Term debt	9,509	4,021
Other Current Liabilities	33,996	31,966
Current Liabilities	\$ 59,842	\$ 50,229
Long-Term Debt	28,131	23,562
Long-Term Pension Liabilities	30,708	34,766
Other Long-Term Liabilities	3,408	3,356
Total Liabilities	\$ 122,089	\$ 111,913
Shareholders' Investment	29,088	27,981
Total Liabilities and Shareholders' Investment	\$ 151,177	\$ 139,894

**SELECTED FINANCIAL DATA**

	March 31 2018	December 31 2017
Book Value per Common Share	\$24.32	\$23.39
Total Shares Outstanding	1,196,216	1,196,261
Backlog	\$ 93,951	\$ 94,043

**CONSOLIDATED STATEMENT OF SHAREHOLDERS' INVESTMENT**

	Common Stock	Paid-in Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total
<b>Balance, December 31, 2017</b>	\$ 1,508	\$ 9,708	\$ 59,256	\$ (6,329)	\$ (36,162)	\$ 27,981
<b>Add (Deduct):</b>						
Net Income			382			382
Other Comprehensive Income, Net of Tax					727	727
Treasury Stock Acquisition				(2)		(2)
<b>Balance, March 31, 2018</b>	\$ 1,508	\$ 9,708	\$ 59,638	\$ (6,331)	\$ (35,435)	\$ 29,088

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Three Months Ended March 31, 2018	Three Months Ended March 31, 2017
<b>Operating Activities:</b>		
Net Income (Loss)	\$ 382	\$ (143)
Adjustment to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Pension Contributions (Greater) Less than Expense	(4,058)	27
Bad Debt Expense (Recovery)	5	-
Depreciation & Amortization	1,329	1,432
(Gain) Loss on Sales of Equipment	(152)	(12)
Other	-	(20)
Change in Assets and Liabilities		
(Inc) Dec in Accts and Notes Receivable	(4,748)	(2,115)
(Inc) Dec in Cost in Excess of Estimated Earnings and Billings	(53)	(597)
(Inc) Dec in Inventories	(3,865)	(1,104)
(Inc) Dec in Prepayments	(474)	(566)
(Inc) Dec Other Assets	(1)	-
Inc (Dec) in Accounts Payable	3,084	1,084
Inc (Dec) Other Accrued Expenses	(3,859)	2,067
Inc (Dec) Advanced Billings	3,804	1,425
Inc (Dec) in Billings in Excess of Costs and Estimated Earnings	1,096	1,483
Inc (Dec) In Other Liabilities	51	17
<b>Net Cash (Required) Provided by Operating Activities</b>	\$ (7,459)	\$ 2,978
<b>Investing Activities</b>		
Proceeds from Sales of Equipment	152	80
Additions to Property and Equipment	(7,452)	(857)
<b>Net Cash (Required) for Investing Activities</b>	\$ (7,300)	\$ (777)
<b>Financing Activities</b>		
Proceeds (Repayment) of Short-Term Borrowings, Net	5,488	(1,828)
Proceeds (Repayment) of Long-Term Debt	4,569	(101)
Treasury Stock Acquisitions	(2)	(102)
<b>Net Cash Provided (Required) for Financing Activities</b>	\$ 10,055	\$ (2,031)
<b>Effect of Exchange Rate Changes</b>	399	(31)
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>	\$ (4,305)	\$ 139
<b>Cash and Cash Equivalents at Beginning of Year</b>	6,571	357
<b>Cash and Cash Equivalents at End of Quarter</b>	\$ 2,266	\$ 496

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 March 31.

Three Months Ended March 31				
Revenue	2018		2017	
Domestic	\$	32,633	\$	27,419
Mueller BV	\$	13,608	\$	10,253
Eliminations	\$	(163)	\$	(61)
Net Revenue	\$	46,078	\$	37,611

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

Twelve Months Ended March 31				
Revenue	2018		2017	
Domestic	\$	125,521	\$	111,591
Mueller BV	\$	51,516	\$	53,786
Eliminations	\$	(613)	\$	(906)
Net Revenue	\$	176,424	\$	164,471

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	2018		2017	
Domestic	\$	854	\$	528
Mueller BV	\$	(497)	\$	(727)
Eliminations	\$	25	\$	56
Net Income	\$	382	\$	(143)

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	2018		2017
Domestic	\$	184	\$ (4,076)
Mueller BV	\$	(2,121)	\$ 598
Eliminations	\$	136	\$ 143
Net Income	\$	(1,801)	\$ (3,335)

- B.** Revenue for the 1<sup>st</sup> quarter of \$46.1 million was up \$8.5 million (22.5%) over the 1<sup>st</sup> quarter of 2017. Revenue for the trailing 12 months of \$176.4 million was up \$12.0 million (7.3%) over the 12 months ending March 31, 2017. Our pharmaceutical group led the way with a quarter over quarter increase of \$6.6 million as the large pharmaceutical order that was being worked on for most of 2017 began to ship.

Net income for the 1<sup>st</sup> quarter was \$0.4 million compared to a slight loss for the first quarter of 2017. The first quarter 2018 results were dampened by an increase in the LIFO reserve of \$0.6 million before tax.

Net loss for the trailing twelve months was \$1.8 million. These results were impacted by a pretax increase in the LIFO reserve of \$1.3 million; one-time tax expense from the new tax legislation of \$4.2 million; and approximately \$2.0 million in non-reoccurring costs related to the consolidation in The Netherlands.

The net loss of \$3.3 million for the twelve months ending March 31, 2017 was affected by a pretax impact of \$0.5 increase in LIFO reserve and the \$6.7 million in settlement charges from the lump sum pension payments.

- C.** Backlog remained nearly unchanged for the quarter and is a robust \$94.0 million at March 31st. Domestic backlog has decreased by \$3.1 million for the quarter to end at \$67.1 million. Backlog in The Netherlands continued to grow and was up \$3.6 million to \$28.5 million.
- D.** Tax expense of approximately \$4.2 million was recognized in December due to new United States federal tax legislation under the Tax Cuts and Jobs Act (TCJA) enacted in December 2017. This includes a \$0.9 million transition tax expense estimate and \$3.3 million tax expense due to the revaluation of the deferred tax asset due to a decrease in the tax rate. In certain cases, the Company has recorded for 2017 a reasonable estimate of the effects of the TCJA, and accordingly such amounts are provisional. Final adjustments, if necessary, will be determined in 2018 and recorded as a measurement period adjustment through 2018 tax expense.

- E. Production started in the new facility in Groenlo as scheduled on April 9<sup>th</sup>. Total debt on the new building is \$25.9 million as of March 31<sup>st</sup>.
- F. The pre-tax results for the three months ended March 31, 2018, were unfavorably affected by a \$559,000 increase in the LIFO reserve. The pre-tax results for the twelve months ended December 31, 2018, were unfavorably affected by a \$1,256,000 increase in the LIFO reserve. The pre-tax results for the twelve months ended December 31, 2017, were unfavorably affected by a \$500,000 increase in the LIFO reserve.
- G. 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 twelve months ended December 31, 2016 contained a negative noncash effect on the pre-tax earnings of the Company of \$6.7 million (\$4.2 million net of tax).
- H. 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 1.07 for March, 2017; 1.20 for December, 2017 and 1.23 for March, 2018, 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 29 of the Company's 2017 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.

**The accounting policies related to this report and additional management discussion and analysis are provided in the 2017 annual report, available at [www.paulmueller.com](http://www.paulmueller.com).**