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For Immediate Release

## Paul Mueller Company Announces Its First Quarter Earnings of 2020

Springfield, Missouri – April 24, 2020, Paul Mueller Company (OTC: MUEL) today announced earnings for the quarter ended March 31, 2020.

### PAUL MUELLER COMPANY THREE-MONTH REPORT

Unaudited

(In thousands)

CONSOLIDATED STATEMENTS OF INCOME				
	Three Months Ended March 31		Twelve Months Ended March 31	
	2020	2019	2020	2019
Net Sales	\$ 42,160	\$ 41,882	\$ 197,455	\$ 197,014
Cost of Sales	30,299	31,826	140,908	148,284
Gross Profit	\$ 11,861	\$ 10,056	\$ 56,547	\$ 48,730
Selling, General and Administrative Expense	10,505	11,499	44,678	47,028
Operating Income (Loss)	\$ 1,356	\$ (1,443)	\$ 11,869	\$ 1,702
Interest Expense	(615)	(408)	(1,034)	(982)
Other Income	437	277	511	261
Income (Loss) before Provision (Benefit) for Income Taxes	\$ 1,178	\$ (1,574)	\$ 11,346	\$ 981
Provision (Benefit) for Income Taxes	303	(494)	2,802	(196)
Net Income (Loss)	\$ 875	\$ (1,080)	\$ 8,544	\$ 1,177
Earnings (Loss) per Common Share — Basic	\$0.73	(\$0.90)	\$7.15	\$0.98
Diluted	\$0.73	(\$0.90)	\$7.15	\$0.98

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME			
	Three Months Ended March 31		
	2020	2019	
Net Income (Loss)	\$ 875	\$ (1,080)	
Other Comprehensive Income, Net of Tax:			
Foreign Currency Translation Adjustment	(647)	(631)	
Comprehensive Income (Loss)	\$ 228	\$ (1,711)	

CONSOLIDATED BALANCE SHEETS			
	March 31 2020	December 31 2019	
Cash and Short-Term Investments	\$ 13,022	\$ 1,072	
Accounts Receivable	22,946	28,509	
Inventories	25,280	20,552	
Current Net Investments in Sales-Type Leases	52	47	
Other Current Assets	3,335	3,763	
Current Assets	\$ 64,635	\$ 53,943	
Net Property, Plant, and Equipment	45,650	47,406	
Right of Use Assets	1,371	1,421	
Other Assets	22,132	21,355	
Long-Term Net Investments in Sales-Type Leases	790	769	
Total Assets	\$ 134,578	\$ 124,894	
Accounts Payable	\$ 12,749	\$ 10,534	
Current Maturities and Short-Term debt	1,300	6,208	
Current Lease Liabilities	438	485	
Other Current Liabilities	38,219	27,021	
Current Liabilities	\$ 52,706	\$ 44,248	
Long-Term Debt	16,230	15,334	
Long-Term Pension Liabilities	29,492	30,395	
Other Long-Term Liabilities	2,577	1,566	
Lease Liabilities	933	936	
Total Liabilities	\$ 101,938	\$ 92,479	
Shareholders' Investment	32,640	32,415	
Total Liabilities and Shareholders' Investment	\$ 134,578	\$ 124,894	

**SELECTED FINANCIAL DATA**

	March 31 2020	December 31 2019
Book Value per Common Share	\$27.30	\$27.11
Total Shares Outstanding	1,195,747	1,195,866
Backlog	\$ 107,291	\$ 79,791

**CONSOLIDATED STATEMENT OF SHAREHOLDERS' INVESTMENT**

	Common Stock	Paid-in Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total
<b>Balance, December 31, 2019</b>	\$ 1,508	\$ 9,708	\$ 68,484	\$ (6,341)	\$ (40,944)	\$ 32,415
<b>Add (Deduct):</b>						
Net Income			875			875
Other Comprehensive Income, Net of Tax					(647)	(647)
Treasury Stock Acquisition				(3)		(3)
<b>Balance, March 31, 2020</b>	\$ 1,508	\$ 9,708	\$ 69,359	\$ (6,344)	\$ (41,591)	\$ 32,640

**CONSOLIDATED STATEMENT OF CASH FLOWS**

	Three Months Ended March 31, 2020	Three Months Ended March 31, 2019
<b>Operating Activities:</b>		
Net Income (Loss)	\$ 875	\$ (1,080)
Adjustment to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Pension Contributions (Greater) Less than Expense	(903)	(598)
Bad Debt Expense (Recovery)	(10)	(181)
Depreciation & Amortization	1,604	1,615
(Gain) Loss on Sales of Equipment	(2)	(18)
Change in Assets and Liabilities		
Dec (Inc) in Accts and Notes Receivable	5,572	(418)
Dec (Inc) in Cost in Excess of Estimated Earnings and Billings	274	(43)
(Inc) in Inventories	(4,728)	(4,076)
Dec (Inc) in Prepayments	154	(1,131)
(Inc) in Net Investment in Sales-type leases	(26)	-
Dec (Inc) in Other LT Assets	52	(178)
Inc in Accounts Payable	2,215	3,455
Inc (Dec) in Other Accrued Expenses	1,387	(739)
Inc in Advanced Billings	7,871	12,375
Inc (Dec) in Billings in Excess of Costs and Estimated Earnings	1,941	(39)
(Dec) in Lease Liability for Operating	(14)	-
(Dec) in Lease Liability for Financing	(11)	-
Inc (Dec) in Long Term Liabilities	58	(70)
<b>Net Cash Provided by Operating Activities</b>	\$ 16,309	\$ 8,874
<b>Investing Activities</b>		
Proceeds from Sales of Equipment	2	27
Additions to Property and Equipment	216	(2)
<b>Net Cash Provided for Investing Activities</b>	\$ 218	\$ 25
<b>Financing Activities</b>		
(Repayment) of principal portion of lease liability for operating	(25)	-
(Repayment) of Short-Term Borrowings, Net	(4,896)	(3,202)
Proceeds (Repayment) of Long-Term Debt	1,112	(4,868)
Treasury Stock Acquisitions	(3)	-
<b>Net Cash (Required) for Financing Activities</b>	\$ (3,812)	\$ (8,070)
<b>Effect of Exchange Rate Changes</b>	(765)	(698)
<b>Net Increase in Cash and Cash Equivalents</b>	\$ 11,950	\$ 131
<b>Cash and Cash Equivalents at Beginning of Year</b>	1,072	715
<b>Cash and Cash Equivalents at End of Quarter</b>	\$ 13,022	\$ 846

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	2020		2019	
Domestic	\$	29,624	\$	27,912
Mueller BV	\$	12,801	\$	14,663
Eliminations	\$	(265)	\$	(693)
Net Revenue	\$	42,160	\$	41,882

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

Twelve Months Ended March 31				
Revenue	2020		2019	
Domestic	\$	146,212	\$	132,369
Mueller BV	\$	52,574	\$	66,396
Eliminations	\$	(1,331)	\$	(1,751)
Net Revenue	\$	197,455	\$	197,014

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	2020		2019	
Domestic	\$	925	\$	(1,056)
Mueller BV	\$	(54)	\$	6
Eliminations	\$	4	\$	(30)
Net Income	\$	875	\$	(1,080)

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	2020		2019	
Domestic	\$	9,393	\$	2,776
Mueller BV	\$	(865)	\$	(1,580)
Eliminations	\$	16	\$	(19)
Net Income	\$	8,544	\$	1,177

- B.** The COVID-19 pandemic has caused unprecedented uncertainty and requires us to operate in new and different ways. To date, we have not had any confirmed cases of COVID-19 at any of our facilities. All of our facilities are operating but require much of the office staff to work remotely and has required us to establish physical separation in our locations. Our backlog gives us work for the next several months but our service and repair business has been greatly reduced. Selling activities are more difficult and customers visiting our facilities has virtually stopped. So far there has been minimal disruption in our supply chain.
- C.** March 31, 2020 backlog was \$107.3 million which is \$27.5 million higher than the \$79.8 million at December 31, 2019. The increase is driven from an order for a juice storage facility awarded to Mueller Field Operations. Pharmaceutical backlog remains solid helping offset a very weak dairy farm backlog in the US and The Netherlands.
- D.** Revenue for the three months and twelve months are relatively flat to the previous year with US revenue increases offsetting the decreases in The Netherlands. Net Income is up for the three months and twelve months as compared to the previous year. In the US, the increase in revenue and profits is from the continued strength in the pharmaceutical market which is more than offsetting the reduction in the dairy farm segment. In The Netherlands, the dairy farm segment continues to slump and is compounded by the reduction in service and repairs from the stay at home orders and social distancing. However, The Netherlands continues to save in expenses.
- E.** As of March 31, 2020, total debt was \$17.5 million which is a decrease of \$4.0 million from December 31, 2019. Cash and cash equivalents were \$13.0 million at March 31, 2020 compared to \$1.1 million at December 31, 2019.

On January 17, 2020, the Company amended the domestic bank borrowing facility agreement to allow for the ability to distribute up to €3,000,000 to Mueller B.V., if necessary. In addition, the financial leverage covenant of maximum total debt to EBITDA was reduced from 3 to 1 to 2.25 to 1 at the end of each quarter for the trailing twelve months. Then on March 30, 2020, the Company refinanced the long-term note payable maturing on March 31, 2025, in an amount of \$4,000,000 at a fixed rate of 2.50%. The Company was in compliance with borrowing covenants as of March 31, 2020.

In The Netherlands, on February 25, 2020, Mueller B.V. amended its credit agreement as follows:

- Quarterly loan covenants were modified as follows effective June 30, 2020:
  - Minimum EBITDA for the trailing twelve months reduced from €6,000,000 to €2,750,000.
  - Maximum total debt to EBITDA for the trailing twelve months is reset to 4.50 to 1 as of June 30, 2020, and decreases annually until it reaches 3.25 to 1 as of June 30, 2024, and thereafter.

- The capacity of the bank borrowing facility will be reduced from €4,000,000 to €3,000,000 on March 31, 2020.

However, on March 27<sup>th</sup>, in response to the COVID-19 pandemic, the bank unilaterally suspended the principal and interest payments until September 30, 2020. In addition, the reduction of the borrowing facility of €1,000,000 scheduled for March 31, 2020 was delayed until September 30<sup>th</sup>. Borrowing covenants for Mueller B.V. are waived by the bank until June 30, 2020.

- F. The pre-tax results for the twelve months ended March 31, 2020, were favorably affected by a \$0.7 million decrease in the LIFO reserve. The pre-tax results for the three months ended March 31, 2019, were unfavorably affected by a \$0.7 million increase in the LIFO reserve. The pre-tax results for the twelve months ended March 31, 2019, were unfavorably affected by a \$2.2 million increase in the LIFO reserve.
- G. 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 March, 2019; 1.12 for December, 2019 and 1.10 for March, 2020, 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 in the Company's Annual Report under "Safe Harbor for Forward-Looking Statements", 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 2019 annual report, available at [www.paulmueller.com](http://www.paulmueller.com).**