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For Immediate Release

Paul Mueller Company Announces Its Third Quarter Earnings of 2020

Springfield, Missouri – October 30, 2020, Paul Mueller Company (OTC: MUEL) today announced earnings for the quarter ended September 30, 2020.

PAUL MUELLER COMPANY NINE-MONTH REPORT Unaudited (In thousands)

CONSOLIDATED STATEMENTS OF INCOME							
		Three Months Ended September 30		Nine Months Ended September 30		Twelve Months Ended September 30	
		2020	2019	2020	2019	2020	2019
Net Sales		\$ 51,607	\$ 45,968	\$ 146,990	\$ 141,911	\$ 202,256	\$ 187,529
Cost of Sales		35,504	33,117	102,405	103,883	140,957	137,825
Gross Profit		\$ 16,103	\$ 12,851	\$ 44,585	\$ 38,028	\$ 61,299	\$ 49,704
Selling, General and Administrative Expense		11,167	11,205	33,156	33,701	45,127	45,666
Operating Income		\$ 4,936	\$ 1,646	\$ 11,429	\$ 4,327	\$ 16,172	\$ 4,038
Interest Expense		(110)	(213)	(819)	(808)	(838)	(995)
Other Income		427	81	869	366	854	365
Income before Provision for Income Taxes		\$ 5,253	\$ 1,514	\$ 11,479	\$ 3,885	\$ 16,188	\$ 3,408
Provision for Income Taxes		1,258	374	2,761	861	3,905	524
Net Income		\$ 3,995	\$ 1,140	\$ 8,718	\$ 3,024	\$ 12,283	\$ 2,884
Earnings per Common Share	Basic	\$3.34	\$0.95	\$7.29	\$2.53	\$10.27	\$2.41
	Diluted	\$3.34	\$0.95	\$7.29	\$2.53	\$10.27	\$2.41

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME			
		Nine Months Ended September 30	
		2020	2019
Net Income		\$ 8,718	\$ 3,024
Other Comprehensive Income (Loss), Net of Tax:			
Foreign Currency Translation Adjustment		1,590	(1,216)
Comprehensive Income		\$ 10,308	\$ 1,808

CONSOLIDATED BALANCE SHEETS			
		September 30 2020	December 31 2019
Cash and Short-Term Investments		\$ 21,583	\$ 1,072
Accounts Receivable		20,273	28,509
Inventories		21,042	20,552
Current Net Investments in Sales-Type Leases		56	47
Other Current Assets		1,654	3,763
Current Assets		\$ 64,608	\$ 53,943
Net Property, Plant, and Equipment		45,668	47,406
Right of Use Assets		1,459	1,421
Other Assets		23,477	21,355
Long-Term Net Investments in Sales-Type Leases		840	769
Total Assets		\$ 136,052	\$ 124,894
Accounts Payable		\$ 10,513	\$ 10,534
Current Maturities and Short-Term debt		1,370	6,208
Current Lease Liabilities		466	485
Other Current Liabilities		31,209	27,021
Current Liabilities		\$ 43,558	\$ 44,248
Long-Term Debt		18,805	15,334
Long-Term Pension Liabilities		27,288	30,395
Other Long-Term Liabilities		2,688	1,566
Lease Liabilities		993	936
Total Liabilities		\$ 93,332	\$ 92,479
Shareholders' Investment		42,720	32,415
Total Liabilities and Shareholders' Investment		\$ 136,052	\$ 124,894

SELECTED FINANCIAL DATA

	September 30 2020	December 31 2019
Book Value per Common Share	\$35.73	\$27.11
Total Shares Outstanding	1,195,747	1,195,866
Backlog	\$ 75,287	\$ 79,791

CONSOLIDATED STATEMENT OF SHAREHOLDERS' INVESTMENT

	Common Stock	Paid-in Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2019	\$ 1,508	\$ 9,708	\$ 68,484	\$ (6,341)	\$ (40,944)	\$ 32,415
Add (Deduct):						
Net Income			8,718			8,718
Other Comprehensive Income, Net of Tax					1,590	1,590
Treasury Stock Acquisition				(3)		(3)
Balance, September 30, 2020	\$ 1,508	\$ 9,708	\$ 77,202	\$ (6,344)	\$ (39,354)	\$ 42,720

CONSOLIDATED STATEMENT OF CASH FLOWS

	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Operating Activities:		
Net Income	\$ 8,718	\$ 3,024
Adjustment to Reconcile Net Income to Net Cash Provided by Operating Activities:		
Pension Contributions (Greater) Less than Expense	(3,107)	(2,631)
Bad Debt Expense (Recovery)	(15)	(210)
Depreciation & Amortization	4,855	4,919
Loss (Gain) on Sales of Equipment	1	(18)
Change in Assets and Liabilities		
Dec in Accts and Notes Receivable	8,251	2,426
Dec (Inc) in Cost in Excess of Estimated Earnings and Billings	939	(180)
(Inc) in Inventories	(490)	(546)
Dec (Inc) in Prepayments	1,170	(643)
(Inc) in Net Investment in Sales-type leases	(79)	-
Dec (Inc) in Intangibles	-	(118)
(Inc) in Other LT Assets	(338)	(48)
(Dec) Inc in Accounts Payable	(21)	2,012
Inc (Dec) in Other Accrued Expenses	7,389	(948)
Inc in Advanced Billings	1,241	7,295
(Dec) Inc in Billings in Excess of Costs and Estimated Earnings	(4,441)	1,633
Inc in Lease Liability for operating	36	-
Inc in Lease Liability for financing	27	-
Inc (Dec) In Other Liabilities	108	(198)
Net Cash Provided by Operating Activities	\$ 24,244	\$ 15,769
Investing Activities		
Proceeds from Sales of Equipment	4	31
Additions to Property, Plant, and Equipment	(3,128)	(1,062)
Net Cash (Required) for Investing Activities	\$ (3,124)	\$ (1,031)
Financing Activities		
(Repayment) of principal portion of lease liability for operating	(26)	-
(Repayment) of Short-Term Borrowings, Net	(4,826)	(7,692)
Proceeds (Repayment) of Long-Term Debt	2,640	(5,553)
Treasury Stock Acquisitions	(3)	-
Net Cash (Required) for Financing Activities	\$ (2,215)	\$ (13,245)
Effect of Exchange Rate Changes	1,606	(1,215)
Net Increase in Cash and Cash Equivalents	\$ 20,511	\$ 278
Cash and Cash Equivalents at Beginning of Year	1,072	715
Cash and Cash Equivalents at End of Quarter	\$ 21,583	\$ 993

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 September 30.

Three Months Ended September 30		
Revenue	2020	2019
Domestic	\$41,453	\$36,168
Mueller BV	\$10,518	\$10,310
Eliminations	(\$364)	(\$510)
Net Revenue	\$51,607	\$45,968

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

Nine Months Ended September 30		
Revenue	2020	2019
Domestic	\$112,979	\$104,190
Mueller BV	\$34,907	\$39,393
Eliminations	(\$896)	(\$1,672)
Net Revenue	\$146,990	\$141,911

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

Twelve Months Ended September 30		
Revenue	2020	2019
Domestic	\$153,289	\$135,378
Mueller BV	\$49,950	\$54,123
Eliminations	(\$983)	(\$1,972)
Net Revenue	\$202,256	\$187,529

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	2020	2019
Domestic	\$3,773	\$2,273
Mueller BV	\$169	(\$1,085)
Eliminations	\$53	(\$48)
Net Income	\$3,995	\$1,140

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	2020	2019
Domestic	\$8,224	\$4,093
Mueller BV	\$431	(\$997)
Eliminations	\$63	(\$72)
Net Income	\$8,718	\$3,024

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	2020	2019
Domestic	\$11,543	\$5,090
Mueller BV	\$623	(\$2,149)
Eliminations	\$117	(\$57)
Net Income	\$12,283	\$2,884

- B. The strong beginning of the year backlog in the U.S. and reduced spending has mitigated the initial financial impact of the pandemic resulting in strong earnings for the first nine months. However, the uncertainty in the economy has slowed order entry as well as the increase in COVID-19 cases in the US and Europe is causing concern as countries begin to lock back down. Looking forward, we face the uncertainty of lower pharmaceutical and field backlog, the increasing risk of COVID-19 related disruptions, and increased costs after the aggressive cost-cutting during the beginning of the pandemic.
- C. September 30, 2020 backlog was \$75.3 million which is \$4.5 million lower than the \$79.8 million at December 31, 2019. In the U.S., backlog is \$64.2 million which is down \$5.5 million from December 31, 2019. Two thirds of the U.S. backlog is in the Pharmaceutical groups and Mueller Field Operations which is working on the large juice storage facility. Mueller BV backlog has been relatively flat but still at recent historic lows.
- D. Revenue for the three, nine and twelve months are higher in the US driven by the large pharmaceutical backlog in the U.S. that went into production in mid-2019. Mueller Field Operations showed increased revenue from the previous year's quarter from a large juice facility project. Dairy Farm Equipment revenues showed signs of rebounding with a 25% increase in quarterly revenue from the second quarter. In The Netherlands, the business conditions continue to be soft with trailing revenues flat to last year for the quarter but down to last year at nine and twelve months. However, The Netherlands continues to save in expenses.

Net Income was favorable from the prior year at three, nine and twelve month trailing results. In the US, pharmaceutical and field operations work continue to drive overall profitability and the dairy farm equipment segment experienced its best quarterly results in over a year. In the Netherlands, better margins and expense savings are more than offsetting the reduced revenue.

- E. September 30, 2020, total debt was \$20.2 million compared to \$21.5 million as of December 31, 2019. Cash and cash equivalents were \$21.6 million at September 30, 2020 compared to \$1.1 million at December 31, 2019. Advanced Billings for the Company which is a liability representing deposits received from customers on large projects was \$10.1 million at September 30th compared to \$8.9 million at December 31, 2019.

All bank covenants were in compliance as of September 30, 2020.

- F. The pre-tax results for the three months ended September 30, 2020, were favorably affected by \$0.2 million decrease in the LIFO reserve. The pre-tax results for the nine months ended September 30, 2020, were favorably affected by \$0.3 million decrease in the LIFO reserve. The pre-tax results for the twelve months ended September 30, 2020, were favorably affected by \$0.8 million decrease in the LIFO reserve. The pre-tax results for the three months ended September 30, 2019, were unfavorably affected by \$0.1 million increase in the LIFO reserve. The pre-tax results for the nine months ended September 30,

2019, were unfavorably affected by \$0.4 million increase in the LIFO reserve. The pre-tax results for the twelve months ended September 30, 2019, were unfavorably affected by \$0.3 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 1.10 for September 2019; 1.12 for December 2019; and 1.17 for September 2020.

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.