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For Immediate Release

Paul Mueller Company Announces Its Third Quarter Earnings of 2021

Springfield, Missouri – October 29, 2021, Paul Mueller Company (OTC: MUEL) today announced earnings for the quarter ended September 30, 2021.

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	
	2021	2020	2021	2020	2021	2020
Net Sales	\$ 43,063	\$ 51,607	\$ 137,620	\$ 146,990	\$ 191,746	\$ 202,256
Cost of Sales	32,959	35,504	98,706	102,405	136,614	140,957
Gross Profit	\$ 10,104	\$ 16,103	\$ 38,914	\$ 44,585	\$ 55,132	\$ 61,299
Selling, General and Administrative Expense	11,267	11,167	34,128	33,156	45,127	45,127
Goodwill Impairment Expense	-	-	-	-	15,397	-
Operating Income (Loss)	\$ (1,163)	\$ 4,936	\$ 4,786	\$ 11,429	\$ (5,392)	\$ 16,172
Interest Expense	(102)	(110)	(644)	(819)	(817)	(838)
Other Income (Expense)	(94)	427	1,948	869	2,287	854
Income (Loss) before Provision (Benefit) for Income Taxes	\$ (1,359)	\$ 5,253	\$ 6,090	\$ 11,479	\$ (3,922)	\$ 16,188
Provision (Benefit) for Income Taxes	(317)	1,258	1,051	2,761	2,314	3,905
Net Income (Loss)	\$ (1,042)	\$ 3,995	\$ 5,039	\$ 8,718	\$ (6,236)	\$ 12,283
Earnings (Loss) per Common Share – Basic	(\$0.96)	\$3.34	\$4.61	\$7.29	(\$5.58)	\$10.27
Diluted	(\$0.96)	\$3.34	\$4.61	\$7.29	(\$5.58)	\$10.27

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME			
	Nine Months Ended September 30		
	2021	2020	
Net Income	\$ 5,039	\$ 8,718	
Other Comprehensive Income (Loss), Net of Tax:			
Foreign Currency Translation Adjustment	(1,048)	1,590	
Comprehensive Income	\$ 3,991	\$ 10,308	

CONSOLIDATED BALANCE SHEETS			
	September 30 2021	December 31 2020	
Cash and Short-Term Investments	\$ 14,269	\$ 22,943	
Accounts Receivable	22,178	20,462	
Inventories	27,267	17,926	
Current Net Investments in Sales-Type Leases	5	3	
Other Current Assets	3,579	1,771	
Current Assets	\$ 67,298	\$ 63,105	
Net Property, Plant, and Equipment	42,641	46,570	
Right of Use Assets	2,513	2,448	
Other Assets	8,816	8,732	
Long-Term Net Investments in Sales-Type Leases	181	83	
Total Assets	\$ 121,449	\$ 120,938	
Accounts Payable	\$ 14,473	\$ 11,316	
Current Maturities and Short-Term debt	1,360	2,115	
Current Lease Liabilities	497	519	
Other Current Liabilities	29,190	24,656	
Current Liabilities	\$ 45,520	\$ 38,606	
Long-Term Debt	14,868	18,440	
Long-Term Pension Liabilities	27,166	30,047	
Other Long-Term Liabilities	2,623	2,226	
Lease Liabilities	953	1,075	
Total Liabilities	\$ 91,130	\$ 90,394	
Shareholders' Investment	30,319	30,544	
Total Liabilities and Shareholders' Investment	\$ 121,449	\$ 120,938	

SELECTED FINANCIAL DATA			
	September 30 2021	December 31 2020	
Book Value per Common Share	\$27.79	\$25.54	
Total Shares Outstanding	1,090,964	1,195,747	
Backlog	\$ 75,807	\$ 61,563	

CONSOLIDATED STATEMENT OF SHAREHOLDERS' INVESTMENT						
	Common Stock	Paid-in Surplus	Retained Earnings	Treasury Stock	Accumulated Other Comprehensive Income (Loss)	Total
Balance, December 31, 2020	\$ 1,508	\$ 9,708	\$ 65,927	\$ (6,344)	\$ (40,255)	\$ 30,544
Add (Deduct):						
Net Income			5,039			5,039
Other Comprehensive Income, Net of Tax					(1,048)	(1,048)
Treasury Stock Acquisition				(4,216)		(4,216)
Balance, September 30, 2021	\$ 1,508	\$ 9,708	\$ 70,966	\$ (10,560)	\$ (41,303)	\$ 30,319

CONSOLIDATED STATEMENT OF CASH FLOWS			
	Nine Months Ended September 30, 2021	Nine Months Ended September 30, 2020	
Operating Activities:			
Net Income	\$ 5,039	\$ 8,718	
Adjustment to Reconcile Net Income to Net Cash Provided by Operating Activities:			
Pension Contributions (Greater) Less than Expense	(2,882)	(3,107)	
Bad Debt Expense (Recovery)	(58)	(15)	
Depreciation & Amortization	4,896	4,855	
(Gain) Loss on Sales of Equipment	(43)	1	
PPP Loan Forgiveness	(1,884)	-	
Change in Assets and Liabilities			
(Inc) Dec in Accts and Notes Receivable	(1,658)	8,251	
(Inc) Dec in Cost in Excess of Estimated Earnings and Billings	(1,655)	939	
(Inc) in Inventories	(8,571)	(490)	
(Inc) Dec in Prepayments	(152)	1,170	
(Inc) in Net Investment in Sales-type leases	(101)	(79)	
Dec (Inc) in Other LT Assets	677	(338)	
Inc (Dec) in Accounts Payable	3,156	(21)	
(Dec) Inc in Other Accrued Expenses	(3,271)	7,389	
Inc in Advanced Billings	9,012	1,241	
(Dec) in Billings in Excess of Costs and Estimated Earnings	(1,208)	(4,441)	
Inc in Lease Liability for Operating	193	36	
Inc in Lease Liability for Financing	152	27	
Principal payments of Lease Liability for Operating	(202)	(26)	
(Dec) Inc In Other Long-Term Liabilities	(90)	108	
Net Cash Provided by Operating Activities	\$ 1,350	\$ 24,218	
Investing Activities			
Intangibles	(105)	-	
Proceeds from Sales of Equipment	67	4	
Additions to Property, Plant, and Equipment	(3,588)	(3,128)	
Net Cash (Required) for Investing Activities	\$ (3,626)	\$ (3,124)	
Financing Activities			
Principal payments of Lease Liability for Financing	(197)	-	
(Repayment) of Short-Term Borrowings, Net	(595)	(4,826)	
(Repayment) Proceeds of Long-Term Debt	(1,250)	2,640	
Treasury Stock Acquisitions	(4,216)	(3)	
Net Cash (Required) for Financing Activities	\$ (6,258)	\$ (2,189)	
Effect of Exchange Rate Changes	(140)	1,606	
Net (Decrease) Increase in Cash and Cash Equivalents	\$ (8,674)	\$ 20,511	
Cash and Cash Equivalents at Beginning of Year	22,943	1,072	
Cash and Cash Equivalents at End of Quarter	\$ 14,269	\$ 21,583	

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	2021	2020
Domestic	\$33,192	\$41,453
Mueller BV	\$10,148	\$10,518
Eliminations	(\$277)	(\$364)
Net Revenue	\$43,063	\$51,607

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

Nine Months Ended September 30		
Revenue	2021	2020
Domestic	\$104,183	\$112,979
Mueller BV	\$34,369	\$34,907
Eliminations	(\$932)	(\$896)
Net Revenue	\$137,620	\$146,990

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

Twelve Months Ended September 30		
Revenue	2021	2020
Domestic	\$146,092	\$153,289
Mueller BV	\$46,675	\$49,950
Eliminations	(\$1,021)	(\$983)
Net Revenue	\$191,746	\$202,256

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	2021	2020
Domestic	(\$81)	\$3,773
Mueller BV	(\$942)	\$169
Eliminations	(\$19)	\$53
Net Income	(\$1,042)	\$3,995

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	2021	2020
Domestic	\$6,367	\$8,224
Mueller BV	(\$1,326)	\$431
Eliminations	(\$2)	\$63
Net Income	\$5,039	\$8,718

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	2021	2020
Domestic	\$10,327	\$11,543
Mueller BV	(\$16,515)	\$623
Eliminations	(\$48)	\$117
Net Income	(\$6,236)	\$12,283

- B.** Backlog is holding steady. A continued tightening of labor and materials markets continue to be a challenge in both availability and cost. In June, the Company increased wages of the production workers in the US in response to the labor shortage with other non-manufacturing positions being evaluated through the year. Inventories are higher, partially from increased safety stock because of potential supply shortages. Increased inventory and inflation have increased the LIFO reserve which negatively affects net income. Capital Expenditures focusing on efficiency and labor reductions have increased.
- C.** September 30, 2021, the backlog was \$75.8 million which was virtually unchanged from the \$76.1 million backlog at the end of the second quarter. It is up from the \$61.6 million on December 31, 2020 and similar to the \$75.3 million reported at September 30, 2020. However, the makeup of the backlog has changed. The backlog from the large pharmaceutical order and the large juice storage facility project, which are both nearing completion, is down \$32.7 million from this time a year ago. Other business segments in the US have improving backlogs. Likewise, Mueller BV backlog is up \$2.6 million from a year ago.
- D.** Revenue in the US is down compared to the prior year for the three-month, nine-month and twelve-month periods, primarily from the large pharmaceutical order and the large juice storage facility project nearing completion. In the Netherlands, revenue is also down from three-month, nine-month, and twelve-month periods. The decrease for the twelve months is larger because 4th quarter 2020 was down from 4th quarter 2019.
- E.** Net income was down in the US for the three-month, nine-month and twelve-month periods, primarily from increased LIFO reserve and lower revenues and profit from the pharmaceutical and field operations divisions finishing the two large projects. This reduction was partially offset by stronger results from the Dairy Farm Equipment group and the Components division and from the PPP loan forgiveness. In the Netherlands, net income is down for the three-month, nine-month and twelve-month periods primarily from lower revenues. Costs as a percentage of revenue are holding steady. The trailing twelve-month income is also affected by \$15.4 million goodwill impairment recorded in December 2020.
- F.** The Company was granted a loan for \$1.9 million under the Paycheck Protection Program under Division A, Title I of the CARES Act, enacted on March 27, 2020. The loan was granted on June 12, 2020. The Company filed for the forgiveness of the loan on November 17, 2020, and the loan was forgiven on June 10, 2021. The \$1.9 million credit for the loan forgiveness is in Other Income and is a non-cash financing activity.

- G. On March 19, 2021, the Company announced a stock repurchase plan of up to \$2 million to begin on April 2, 2021, under a prearranged stock trading plan (a “10b5-1 Plan”) adopted by the Company to execute such repurchases in compliance with Rule 10b5-1 of the Securities Exchange Act of 1934, as amended, or in privately negotiated transactions in compliance with applicable state and federal securities laws. A total of 4,254 shares were repurchased through the 10b5-1 Plan as of September 30, 2021. The total shares repurchased in 2021 are 104,783.
- H. The pre-tax results for the three months ended September 30, 2021, were unfavorably affected by \$1.7 million increase in the LIFO reserve. The pre-tax results for the nine months ended September 30, 2021, were unfavorably affected by \$2.8 million increase in the LIFO reserve. The pre-tax results for the twelve months ended September 30, 2021, were unfavorably affected by \$2.8 million increase in the LIFO reserve. 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.
- I. 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 1.17 for September 2020; 1.23 for December 2020; and 1.16 for September 2021.

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 2020 annual report, available at www.paulmueller.com.