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For Immediate Release

Paul Mueller Company Announces Its Fourth Quarter Earnings for 2021

PAUL MUELLER COMPANY

TWELVE-MONTH REPORT

(In thousands)

CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended December 31		Twelve Months Ended December 31	
	2021	2020	2021	2020
Net Sales	\$ 46,993	\$ 54,126	\$ 184,613	\$ 201,116
Cost of Sales	37,461	37,908	136,167	140,313
Gross Profit	\$ 9,532	\$ 16,218	\$ 48,446	\$ 60,803
Selling, General and Administrative Expense	9,756	10,999	43,884	44,155
Goodwill Impairment Expense	-	15,397	-	15,397
Operating Income (Loss)	\$ (224)	\$ (10,178)	\$ 4,562	\$ 1,251
Interest Expense	(98)	(173)	(742)	(992)
PPP Loan Forgiveness	-	-	1,884	-
Other Income	2,780	339	2,844	1,208
Income (Loss) before Provision (Benefit) for Income Taxes	\$ 2,458	\$ (10,012)	\$ 8,548	\$ 1,467
Provision for Income Taxes	496	1,263	1,547	4,024
Net Income (Loss)	\$ 1,962	\$ (11,275)	\$ 7,001	\$ (2,557)
Earnings (Loss) per Common Share				
Basic	\$1.81	(\$9.43)	\$6.44	(\$2.14)
Diluted	\$1.81	(\$9.43)	\$6.44	(\$2.14)

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Twelve Months Ended December 31	
	2021	2020
Net Income (Loss)	\$ 7,001	\$ (2,557)
Other Comprehensive Income (Loss), Net of Tax:		
Foreign Currency Translation Adjustment	(1,889)	3,419
Change in Pension Liability	6,206	(2,730)
Comprehensive Income (Loss)	\$ 11,318	\$ (1,868)

CONSOLIDATED BALANCE SHEETS

	December 31 2021	December 31 2020
Cash and Short-Term Investments	\$ 11,281	\$ 22,943
Accounts Receivable	25,774	20,462
Inventories	26,454	17,926
Current Net Investments in Sales-Type Leases	23	3
Other Current Assets	1,814	1,771
Current Assets	\$ 65,346	\$ 63,105
Net Property, Plant, and Equipment	41,250	46,570
Right of Use Assets	2,526	2,448
Other Assets	7,003	8,732
Long-Term Net Investments in Sales-Type Leases	164	83
Total Assets	\$ 116,289	\$ 120,938
Accounts Payable	\$ 14,470	\$ 11,316
Current Maturities and Short-Term debt	1,330	2,115
Current Lease Liabilities	483	519
Other Current Liabilities	27,691	24,656
Current Liabilities	\$ 43,974	\$ 38,606
Long-Term Debt	14,241	18,440
Long-Term Pension Liabilities	18,036	30,047
Other Long-Term Liabilities	1,848	2,226
Lease Liabilities	897	1,075
Total Liabilities	\$ 78,996	\$ 90,394
Shareholders' Investment	37,293	30,544
Total Liabilities and Shareholders' Investment	\$ 116,289	\$ 120,938

SELECTED FINANCIAL DATA			
	December 31 2021	December 31 2020	
Book Value per Common Share	\$34.32	\$25.54	
Total Shares Outstanding	1,086,661	1,195,747	
Backlog	\$ 78,357	\$ 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			7,001			7,001
Other Comprehensive Income, Net of Tax					4,317	4,317
Dividends, \$.15 per Common Share			(164)			(164)
Treasury Stock Acquisition				(4,405)		(4,405)
Balance, December 31, 2021	\$ 1,508	\$ 9,708	\$ 72,764	\$ (10,749)	\$ (35,938)	\$ 37,293

CONSOLIDATED STATEMENT OF CASH FLOWS			
	Twelve Months Ended December 31, 2021	Twelve Months Ended December 31, 2020	
Operating Activities:			
Net Income (Loss)	\$ 7,001	\$ (2,557)	
Adjustment to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities:			
Pension Contributions (Greater) Less than Expense	(5,805)	(3,078)	
Bad Debt (Recovery) Expense	(528)	168	
Depreciation & Amortization	6,547	7,083	
Deferred Tax Expense	1,792	533	
(Gain) Loss on Sales of Equipment	(57)	5	
(Gain) Recognized on Sale of Subsidiary	(3,208)	-	
Goodwill Impairment Expense	-	15,397	
Interest on Lease Liability for Financing	(15)	(18)	
PPP Loan Forgiveness	(1,884)	-	
Change in Assets and Liabilities			
(Inc) Dec in Accts and Notes Receivable	(1,116)	7,879	
(Inc) Dec in Cost in Excess of Estimated Earnings and Billings	(2,380)	1,198	
(Inc) Dec in Inventories	(8,578)	2,626	
Dec in Prepayments	3	165	
(Inc) Dec in Net Investment in Sales-Type Leases	(101)	730	
(Inc) in Other Assets	(1,801)	(450)	
Dec (Inc) in Deferred Taxes	1,968	(866)	
Inc in Accounts Payable	3,748	782	
(Dec) Inc in Accrued Income Tax	(591)	505	
(Dec) Inc in Accrued Expenses	(5,487)	4,633	
Inc (Dec) in Advanced Billings	11,498	(1,241)	
(Dec) in Billings in Excess of Costs and Estimated Earnings	(672)	(6,262)	
Inc in Lease Liability for Operating	255	296	
Inc in Lease Liability for Financing	103	487	
Principal payments on Lease Liability for Operating	(298)	(323)	
(Dec) Inc in Long Term Liabilities	(378)	660	
Net Cash Provided by Operating Activities	\$ 16	\$ 28,352	
Investing Activities			
Intangibles	(105)	-	
Proceeds from Sales of Equipment	81	14	
Additions to Property, Plant, and Equipment	(5,262)	(7,253)	
Net Cash (Required) for Investing Activities	\$ (5,286)	\$ (7,239)	
Financing Activities			
Principal payments on Lease Liability for Financing	(259)	(269)	
(Repayment) of Short-Term Borrowings, Net	(590)	(4,150)	
(Repayment) Proceeds of Long-Term Debt	(1,653)	2,230	
Dividends paid	(164)	-	
Treasury Stock Acquisitions	(4,405)	(3)	
Net Cash (Required) for Financing Activities	\$ (7,071)	\$ (2,192)	
Effect of Exchange Rate Changes	679	2,950	
Net (Decrease) Increase in Cash and Cash Equivalents	\$ (11,662)	\$ 21,871	
Cash and Cash Equivalents at Beginning of Year	22,943	1,072	
Cash and Cash Equivalents at End of Year	\$ 11,281	\$ 22,943	

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 December 31.

Three Months Ended December 31		
Revenue	2021	2020
Domestic	\$32,897	\$41,909
Mueller BV	\$14,451	\$12,306
Eliminations	(\$355)	(\$89)
Net Revenue	\$46,993	\$54,126

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

Twelve Months Ended December 31		
Revenue	2021	2020
Domestic	\$137,079	\$154,888
Mueller BV	\$48,820	\$47,213
Eliminations	(\$1,286)	(\$985)
Net Revenue	\$184,613	\$201,116

The chart below depicts the net income on a consolidating basis for the three months ended December 31.

Three Months Ended December 31		
Net Income	2021	2020
Domestic	\$961	\$3,959
Mueller BV	\$963	(\$15,189)
Eliminations	\$38	(\$45)
Net Income	\$1,962	(\$11,275)

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

Twelve Months Ended December 31		
Net Income	2021	2020
Domestic	\$7,328	\$12,184
Mueller BV	(\$365)	(\$14,758)
Eliminations	\$38	\$17
Net Income	\$7,001	(\$2,557)

- B.** Please refer to the President's letter and footnotes in the 2021 Annual Report for relevant management discussion and analysis including the sale of Mueller Field Operations, Inc. (MFO) to MFO's management on December 31, 2021.
- C.** The pre-tax results for the three months ended December 31, 2021, were unfavorably affected by a \$1.20 million increase in the LIFO reserve. The pre-tax results for the twelve months ended December 31, 2021, were unfavorably affected by a \$4.0 million increase in the LIFO reserve. The pre-tax results for the three months ended December 31, 2020, were favorably affected by a \$57,000 decrease in the LIFO reserve. The pre-tax results for the twelve months ended December 31, 2020, were favorably affected by a \$0.3 million decrease in the LIFO reserve.
- D.** 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 1.23 for December, 2020 and 1.13 for December, 2021, 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 2021 annual report, available at www.paulmueller.com.