

February 5, 2019



Mueller Industries, Inc. Reports Fourth Quarter and Fiscal 2018 Earnings

COLLIERVILLE, Tenn.--(BUSINESS WIRE)-- Mueller Industries, Inc. (NYSE: MLI) announced today operating income for the fourth quarter of \$40.0 million, compared with \$21.1 million in the same quarter of 2017. Net income for the quarter was \$26.9 million, or 47 cents per diluted share, on net sales of \$559.1 million, compared with net income of \$5.7 million, or 10 cents per diluted share, on net sales of \$523.5 million in the fourth quarter of 2017.

On a full year basis, the Company reported operating income of \$173.0 million, compared with \$150.8 million in fiscal year 2017. Net income for the year was \$104.5 million, or \$1.82 per diluted share, on net sales of \$2.5 billion, compared with net income of \$85.6 million, or \$1.49 per diluted share, on net sales of \$2.3 billion in 2017.

Financial and Operating Highlights:

- Net sales for the quarter rose due to higher sales volumes combined with sales from the recently acquired ATCO business, offset by lower selling prices principally due to lower copper prices. Copper prices were 11 percent lower for the fourth quarter of 2018, averaging \$2.75 per pound versus \$3.10 per pound in the prior year period.
- During the fourth quarter of 2018, we recognized an insurance recovery gain of \$2.2 million related to the losses we incurred due to the 2017 fire at our Port Huron brass rod mill.
- During the fourth quarter of 2018, the Company repurchased 1.14 million shares of its common stock at a cost of approximately \$27.0 million.
- The financial health of the Company remains strong. For the full year, the Company generated \$167.9 million in cash from operations, ending the year with a current ratio of 3.0 to 1 and a return on equity of 19 percent compared to 16 percent in 2017.

Regarding the business, Greg Christopher, Mueller CEO, said, "Overall, our acquisitions are exceeding our expectations and we are beginning to see the benefits of the major capital investments we worked so hard to complete these past five years. Most notably our U.S. Copper Tube manufacturing platforms continue to improve and throughout the year, yielded positive results in throughput, quality, and cost reductions, which will continue to benefit us in the future.

"In addition, we continue to utilize our strong cash generation to fund growth opportunities, reduce debt and, when appropriate, return capital to our shareholders."

Looking forward, he added, "By almost any measure, 2018 was healthier than the prior year and we expect those improvements to continue. Our outlook for 2019 remains positive, and

we see opportunities to capitalize and grow in these interesting times both here and abroad.”

Mueller Industries, Inc. is an industrial manufacturer that specializes in copper and copper alloy manufacturing while also producing goods made from aluminum, steel, and plastics. It is headquartered in Collierville, Tennessee and comprises a network of operations in the United States, Canada, Mexico, Great Britain, South Korea, the Middle East, and China. Its products include tubing, fittings, valves, vessels, and related items for plumbing and HVACR related piping systems, as well as rod, forgings, extrusions, and various components for OEM applications. Products are distributed into sectors such as building construction, appliance, defense, energy, and automotive.

Statements in this release that are not strictly historical may be “forward-looking” statements, which involve risks and uncertainties. These include economic and currency conditions, continued availability of raw materials and energy, market demand, pricing, competitive and technological factors, and the availability of financing, among others, as set forth in the Company’s SEC filings. The words “outlook,” “estimate,” “project,” “intend,” “expect,” “believe,” “target,” “encourage,” “anticipate,” “appear,” and similar expressions are intended to identify forward-looking statements. The reader should not place undue reliance on forward-looking statements, which speak only as of the date of this report. The Company has no obligation to publicly update or revise any forward-looking statements to reflect events after the date of this report.

MUELLER INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

| <i>(In thousands, except per share data)</i> | For the Quarter Ended | | For the Year Ended | |
|--|-----------------------|----------------------|----------------------|------------------|
| | December 29, 2018 | December 30, 2017 | December 29, 2018 | December 2017 |
| Net sales | \$ 559,087 | \$ 523,524 | \$ 2,507,878 | \$ 2,266,071 |
| Cost of goods sold | 473,954 | 456,617 | 2,150,400 | 1,940,600 |
| Depreciation and amortization | 10,474 | 8,728 | 39,555 | 33,900 |
| Selling, general, and administrative expense | 36,892 | 36,054 | 148,888 | 140,700 |
| Gain on sale of assets | — | — | (253) | (1,400) |
| Impairment charges | — | 1,055 | — | 1,400 |
| Insurance recovery | (2,195) | — | (3,681) | — |
| Operating income | 39,962 | 21,070 | 172,969 | 150,800 |
| Interest expense | (6,471) | (5,292) | (25,199) | (19,500) |
| Environmental expense | (623) | (6,221) | (1,320) | (7,200) |
| Other income, net | 1,713 | 1,332 | 3,967 | 2,900 |

| | | | | |
|--|-------------------|-------------------|---------------------|---------------------|
| Income before income taxes | 34,581 | 10,889 | 150,417 | 126,917 |
| Income tax expense | (7,773) | (4,589) | (30,952) | (37,811) |
| Income (loss) from unconsolidated affiliates, net of foreign tax | 923 | (331) | (12,645) | (2,011) |
| Consolidated net income | 27,731 | 5,969 | 106,820 | 87,095 |
| Net income attributable to noncontrolling interests | (874) | (249) | (2,361) | (1,411) |
| Net income attributable to Mueller Industries, Inc. | <u>\$ 26,857</u> | <u>\$ 5,720</u> | <u>\$ 104,459</u> | <u>\$ 85,684</u> |
| Weighted average shares for basic earnings per share | 56,555 | 57,026 | 56,782 | 56,911 |
| Effect of dilutive stock-based awards | 377 | 612 | 487 | 511 |
| Adjusted weighted average shares for diluted earnings per share | 56,932 | 57,638 | 57,269 | 57,422 |
| Basic earnings per share | <u>\$ 0.47</u> | <u>\$ 0.10</u> | <u>\$ 1.84</u> | <u>\$ 1.52</u> |
| Diluted earnings per share | <u>\$ 0.47</u> | <u>\$ 0.10</u> | <u>\$ 1.82</u> | <u>\$ 1.49</u> |
| Dividends per share | <u>\$ 0.10</u> | <u>\$ 0.10</u> | <u>\$ 0.40</u> | <u>\$ 8.40</u> |
| Summary Segment Data: | | | | |
| Net sales: | | | | |
| Piping Systems Segment | \$ 350,961 | \$ 359,253 | \$ 1,645,633 | \$ 1,564,911 |
| Industrial Metals Segment | 139,129 | 150,212 | 651,061 | 602,111 |
| Climate Segment | 72,215 | 28,045 | 229,069 | 131,411 |
| Elimination of intersegment sales | (3,218) | (13,986) | (17,885) | (32,411) |
| Net sales | <u>\$ 559,087</u> | <u>\$ 523,524</u> | <u>\$ 2,507,878</u> | <u>\$ 2,266,011</u> |
| Operating income: | | | | |
| Piping Systems Segment | \$ 22,453 | \$ 13,273 | \$ 122,829 | \$ 99,511 |
| Industrial Metals Segment | 21,770 | 14,930 | 75,607 | 74,311 |
| Climate Segment | 7,450 | 3,170 | 24,118 | 20,311 |
| Unallocated expenses | (11,711) | (10,303) | (49,585) | (43,411) |

| | | | | |
|------------------|------------------|------------------|-------------------|------------------|
| Operating income | <u>\$ 39,962</u> | <u>\$ 21,070</u> | <u>\$ 172,969</u> | <u>\$ 150,81</u> |
|------------------|------------------|------------------|-------------------|------------------|

MUELLER INDUSTRIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

| <i>(In thousands)</i> | December 29, 2018 | December 30, 2017 |
|---|----------------------|----------------------|
| ASSETS | | |
| Cash and cash equivalents | \$ 72,616 | \$ 120,269 |
| Accounts receivable, net | 273,417 | 244,795 |
| Inventories | 329,795 | 327,901 |
| Other current assets | 26,790 | 46,150 |
| | <hr/> | <hr/> |
| Total current assets | 702,618 | 739,115 |
| Property, plant, and equipment, net | 370,633 | 304,321 |
| Other assets | 296,298 | 276,737 |
| | <hr/> | <hr/> |
| | <u>\$ 1,369,549</u> | <u>\$ 1,320,173</u> |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current portion of debt | \$ 7,101 | \$ 16,480 |
| Accounts payable | 103,754 | 102,503 |
| Other current liabilities | 121,946 | 123,269 |
| | <hr/> | <hr/> |
| Total current liabilities | 232,801 | 242,252 |
| Long-term debt | 489,597 | 448,592 |
| Pension and postretirement liabilities | 29,055 | 28,713 |
| Environmental reserves | 20,009 | 23,699 |
| Deferred income taxes | 16,615 | 19,403 |
| Other noncurrent liabilities | 18,212 | 21,486 |
| | <hr/> | <hr/> |
| Total liabilities | 806,289 | 784,145 |
| Total Mueller Industries, Inc. stockholders' equity | 548,356 | 522,111 |
| Noncontrolling interests | 14,904 | 13,917 |
| | <hr/> | <hr/> |
| Total equity | 563,260 | 536,028 |

\$ 1,369,549 \$ 1,320,173

MUELLER INDUSTRIES, INC.
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

| <i>(In thousands)</i> | For the Year Ended | |
|---|----------------------|----------------------|
| | December 29, 2018 | December 30, 2017 |
| Cash flows from operating activities | | |
| Consolidated net income | \$ 106,820 | \$ 87,011 |
| Reconciliation of consolidated net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 39,873 | 34,247 |
| Stock-based compensation expense | 8,035 | 7,450 |
| Loss from unconsolidated affiliates | 12,645 | 2,077 |
| Gain on sale of business | — | (1,491) |
| Gain on disposals of assets | (253) | (624) |
| Insurance proceeds - noncapital related | 2,306 | 500 |
| Insurance recovery | (3,681) | — |
| Impairment charges | — | 1,466 |
| Deferred income tax expense (benefit) | 170 | (3,160) |
| Changes in assets and liabilities, net of effects of businesses acquired and sold: | | |
| Receivables | (11,342) | (1,779) |
| Inventories | 27,512 | (86,286) |
| Other assets | 14,353 | (5,325) |
| Current liabilities | (15,680) | 10,678 |
| Other liabilities | (14,769) | 64 |
| Other, net | 1,903 | (833) |
| | 167,892 | 43,995 |
| Cash flows from investing activities | | |
| Proceeds from sale of assets, net of cash transferred | 18,703 | 31,564 |
| Acquisition of businesses, net of cash acquired | (167,677) | (18,396) |
| Capital expenditures | (38,481) | (46,131) |
| Insurance proceeds - capital related | 1,968 | — |
| Investment in unconsolidated affiliates | (1,609) | (3,317) |
| | (187,096) | (36,280) |

Cash flows from financing activities

| | | |
|--|------------------|-------------------|
| Dividends paid to stockholders of Mueller Industries, Inc. | (22,705) | (196,944) |
| Dividends paid to noncontrolling interests | (592) | (2,909) |
| Issuance of long-term debt | 204,233 | 71,475 |
| Repayments of long-term debt | (172,002) | (111,224) |
| Repayment of debt by consolidated joint ventures, net | (2,915) | (3,369) |
| Repurchase of common stock | (33,562) | — |
| Net cash used to settle stock-based awards | (726) | (1,595) |
| | <hr/> | <hr/> |
| Net cash used in financing activities | (28,269) | (244,566) |
| | <hr/> | <hr/> |
| Effect of exchange rate changes on cash | (1,952) | 2,945 |
| | <hr/> | <hr/> |
| Decrease in cash, cash equivalents, and restricted cash | (49,425) | (233,906) |
| Cash, cash equivalents, and restricted cash at the beginning of the year | 126,563 | 360,469 |
| | <hr/> | <hr/> |
| Cash, cash equivalents, and restricted cash at the end of the year | <u>\$ 77,138</u> | <u>\$ 126,563</u> |

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