

February 7, 2012



Mueller Industries, Inc. Reports Fourth Quarter and Fiscal 2011 Results

MEMPHIS, Tenn., Feb. 7, 2012 /PRNewswire/ -- Mueller Industries, Inc. (NYSE: MLI) announced today that the Company's net income for the fiscal year ended December 31, 2011, was \$86.3 million, or \$2.26 per diluted share, which includes a favorable litigation settlement gain of \$10.5 million, or 18 cents per diluted share. For fiscal 2010, the Company earned \$86.2 million, or \$2.28 per diluted share, which includes insurance settlement gains of \$22.7 million, or 62 cents per diluted share. Net sales for 2011 were \$2.42 billion compared with \$2.06 billion in 2010.

In the fourth quarter of 2011, the Company's net income was \$12.9 million, or 34 cents per diluted share, on net sales of \$491.4 million. This compares with net income of \$17.7 million, or 47 cents per diluted share, on net sales of \$526.9 million in the fourth quarter of 2010.

Financial and Operating Highlights

- The decrease in net sales in the fourth quarter of 2011 was partially due to the lower average cost of copper. The Comex average price of copper was \$3.41 per pound in the fourth quarter of 2011, which compares with \$3.93 per pound in the fourth quarter of 2010. Approximately \$25.2 million of the decrease in net sales was attributable to lower unit shipments.
- For the fourth quarter of 2011, the Plumbing & Refrigeration segment posted operating income of \$16.4 million on net sales of \$277.0 million, which compares with operating income of \$12.0 million on net sales of \$290.5 million in the fourth quarter of 2010. Lower shipment volumes were offset by better spreads.
- The OEM segment reported operating income of \$12.0 million on net sales of \$219.8 million for the fourth quarter of 2011. This compares with operating income of \$24.1 million on net sales of \$239.9 million in the fourth quarter of 2010. The decrease in operating income was due to lower shipments and spreads across most product lines.
- For 2011, net cash provided by operating activities increased to \$153.7 million.
- The Company's current ratio was 4.8 to 1 and our working capital was \$813.5 million, of which over \$500 million was cash on hand, equal to \$13.45 per share.
- As of year-end, the debt to total capitalization ratio was 18.8 percent.
- Capital expenditures during 2011 totaled \$18.8 million. The Company has improvement projects underway which will increase funding of capital expenditures significantly over the next few years.

Business Outlook for 2012

Regarding the outlook for 2012, Greg Christopher, CEO said, "Our business outlook for 2012

remains positive. We have successfully navigated from the 2009 downturn with two consecutive years of improvements in operations and earnings. Our financial condition remains strong and we have major capital improvement projects in progress that we believe will strengthen us for the future.

"We believe the construction industry will start to rebound in 2012. We anticipate a modest increase in new housing starts as well as an upturn in the non-residential market."

Mueller Industries, Inc. is a leading manufacturer of copper tube and fittings; brass and copper alloy rod, bar and shapes; aluminum and brass forgings; aluminum and copper impact extrusions; plastic fittings and valves; refrigeration valves and fittings; and fabricated tubular products. Mueller's operations are located throughout the United States and in Canada, Mexico, Great Britain, and China. Mueller's business is importantly linked to: (1) the construction of new homes; (2) the improvement and reconditioning of existing homes and structures; and (3) the commercial construction market which includes office buildings, factories, hotels, hospitals, etc.

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," 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
(In thousands, except per share data)

| | For the Quarter Ended | | For the Year Ended | |
|--|-----------------------|----------------------|----------------------|----------------------|
| | December 31, 2011 | December 25, 2010 | December 31, 2011 | December 25, 2010 |
| | (Unaudited) | | (Unaudited) | |
| Net sales | \$ 491,384 | \$ 526,901 | \$ 2,417,797 | \$ 2,059,797 |
| Cost of goods sold | 427,942 | 457,521 | 2,115,677 | 1,774,811 |
| Depreciation and amortization | 9,284 | 9,992 | 36,865 | 40,364 |
| Selling, general, and administrative expense | 33,009 | 31,610 | 135,953 | 131,211 |
| Insurance settlements | - | (1,452) | - | (22,736) |
| Litigation settlement | - | - | (10,500) | - |

| | | | | |
|---|------------------|------------------|------------------|------------------|
| Operating income | 21,149 | 29,230 | 139,802 | 136,147 |
| Interest expense | (2,549) | (3,079) | (11,553) | (11,647) |
| Other income (expense), net | 487 | (302) | 1,912 | (2,650) |
| Income before income taxes | 19,087 | 25,849 | 130,161 | 121,850 |
| Income tax expense | (6,015) | (7,897) | (43,075) | (34,315) |
| Consolidated net income | 13,072 | 17,952 | 87,086 | 87,535 |
| Less net income attributable to noncontrolling interest | (144) | (206) | (765) | (1,364) |
| Net income attributable to Mueller Industries, Inc. | <u>\$ 12,928</u> | <u>\$ 17,746</u> | <u>\$ 86,321</u> | <u>\$ 86,171</u> |

| | | | | |
|--|--------|--------|--------|--------|
| Weighted average shares for basic earnings per share | 38,001 | 37,717 | 37,835 | 37,672 |
| Effect of dilutive stock-based awards | 341 | 157 | 361 | 97 |

| | | | | |
|---|--------|--------|--------|--------|
| Adjusted weighted average shares for diluted earnings per share | 38,342 | 37,874 | 38,196 | 37,769 |
|---|--------|--------|--------|--------|

| | | | | |
|--------------------------|----------------|----------------|----------------|----------------|
| Basic earnings per share | <u>\$ 0.34</u> | <u>\$ 0.47</u> | <u>\$ 2.28</u> | <u>\$ 2.29</u> |
|--------------------------|----------------|----------------|----------------|----------------|

| | | | | |
|----------------------------|----------------|----------------|----------------|----------------|
| Diluted earnings per share | <u>\$ 0.34</u> | <u>\$ 0.47</u> | <u>\$ 2.26</u> | <u>\$ 2.28</u> |
|----------------------------|----------------|----------------|----------------|----------------|

| | | | | |
|---------------------|----------------|----------------|----------------|----------------|
| Dividends per share | <u>\$ 0.10</u> | <u>\$ 0.10</u> | <u>\$ 0.40</u> | <u>\$ 0.40</u> |
|---------------------|----------------|----------------|----------------|----------------|

Summary Segment Data:

Net sales:

| | | | | |
|-----------------------------------|-------------------|-------------------|---------------------|---------------------|
| Plumbing & Refrigeration segment | \$ 277,001 | \$ 290,500 | \$ 1,330,435 | \$ 1,115,614 |
| OEM segment | 219,813 | 239,890 | 1,119,795 | 958,855 |
| Elimination of intersegment sales | (5,430) | (3,489) | (32,433) | (14,672) |
| Net sales | <u>\$ 491,384</u> | <u>\$ 526,901</u> | <u>\$ 2,417,797</u> | <u>\$ 2,059,797</u> |

Operating income:

| | | | | |
|----------------------------------|-----------|-----------|-----------|-----------|
| Plumbing & Refrigeration segment | \$ 16,404 | \$ 11,957 | \$ 84,761 | \$ 83,667 |
| OEM segment | 12,036 | 24,060 | 72,670 | 80,117 |

| | | | | |
|----------------------|-----------|-----------|------------|------------|
| Unallocated expenses | (7,291) | (6,787) | (17,629) | (27,637) |
| Operating income | \$ 21,149 | \$ 29,230 | \$ 139,802 | \$ 136,147 |

MUELLER INDUSTRIES, INC.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands)

| | December 31, 2011 | December 25, 2010 |
|-------------------------------------|----------------------|----------------------|
| | (Unaudited) | |
| ASSETS | | |
| Cash and cash equivalents | \$ 514,162 | \$ 394,139 |
| Accounts receivable, net | 250,027 | 269,258 |
| Inventories | 219,193 | 209,892 |
| Other current assets | 43,317 | 39,025 |
| Total current assets | 1,026,699 | 912,314 |
| Property, plant, and equipment, net | 203,744 | 229,498 |
| Other assets | 117,161 | 117,184 |
| | \$ 1,347,604 | \$ 1,258,996 |

LIABILITIES AND STOCKHOLDERS' EQUITY

| | | |
|---|----------------|----------------|
| Current portion of long-term debt | \$ 41,265 | \$ 32,020 |
| Accounts payable | 65,545 | 67,849 |
| Other current liabilities | 106,434 | 95,258 |
| Total current liabilities | 213,244 | 195,127 |
| Long-term debt | 156,476 | 158,226 |
| Pension and postretirement liabilities | 54,244 | 40,939 |
| Environmental reserves | 22,892 | 23,902 |
| Deferred income taxes | 14,856 | 24,081 |
| Other noncurrent liabilities | 1,130 | 824 |
| Total liabilities | 462,842 | 443,099 |
| Total Mueller Industries, Inc. stockholders' equity | 855,688 | 788,736 |
| Noncontrolling interest | 29,074 | 27,161 |
| Total equity | <u>884,762</u> | <u>815,897</u> |

\$ 1,347,604 \$ 1,258,996

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

| | For the Year Ended | |
|--|----------------------|----------------------|
| | December 31, 2011 | December 25, 2010 |
| | (Unaudited) | |
| Operating activities: | | |
| Consolidated net income | \$ 87,086 | \$ 87,535 |
| Reconciliation of consolidated net income to net cash provided by operating activities: | | |
| Depreciation and amortization | 37,262 | 40,652 |
| Stock-based compensation expense | 3,482 | 2,877 |
| Insurance settlements | - | (22,736) |
| Insurance proceeds - noncapital related | 10,000 | 5,561 |
| (Gain) loss on disposal of properties | (202) | 756 |
| Deferred income taxes | (4,190) | (6,627) |
| Income tax benefit from exercise of stock options | (853) | (145) |
| Changes in assets and liabilities, net of businesses acquired: | | |
| Receivables | 28,487 | (41,731) |
| Inventories | (15,678) | (17,248) |
| Other assets | 460 | 2,974 |
| Current liabilities | 7,966 | 4,913 |
| Other liabilities | (1,593) | (623) |
| Other, net | 1,522 | 199 |
| Net cash provided by operating activities | 153,749 | 56,357 |
| Investing activities: | | |
| Capital expenditures | (18,751) | (18,678) |
| Businesses acquired | (6,882) | (2,021) |
| Insurance proceeds for property and equipment | - | 18,798 |
| Net deposits in restricted cash balances | (3,055) | (156) |
| Proceeds from sales of properties | 1,984 | 71 |
| Net cash used in investing activities | (26,704) | (1,986) |
| Financing activities: | | |
| Dividends paid to stockholders of Mueller Industries, Inc. | (15,146) | (15,074) |
| Issuance of debt by joint venture, net | 6,162 | 6,848 |
| | (750) | - |
| Repayments of long-term debt | | |
| Dividends paid to noncontrolling interests | - | (741) |
| Net proceeds from exercise of incentive stock options | 4,732 | 2,573 |

| | | |
|--|-------------------|-------------------|
| Debt issuance costs | (1,942) | - |
| Net cash used in financing activities | (6,944) | (6,394) |
| Effect of exchange rate changes on cash | (78) | 161 |
| Increase in cash and cash equivalents | 120,023 | 48,138 |
| Cash and cash equivalents at the beginning of the period | 394,139 | 346,001 |
| Cash and cash equivalents at the end of the period | <u>\$ 514,162</u> | <u>\$ 394,139</u> |

MUELLER INDUSTRIES, INC.
RECONCILIATION OF NET INCOME AS REPORTED TO NET INCOME
BEFORE INSURANCE SETTLEMENT
(In thousands, except per share data)

Earnings without insurance settlement is a measurement not derived in accordance with generally accepted accounting principles (GAAP). Excluding the insurance settlement is useful as it measures the operating results that are the outcome of daily operating decisions made in the normal course of business. The insurance settlement resulted from reimbursement for losses claimed as a result of a fire at our Fulton, Mississippi copper tube mill in July 2009, the results of which are not impacted by daily operations. Reconciliation of earnings without insurance settlement to net income as reported is as follows:

| | For the Quarter Ended December 25, 2010 | | |
|---|---|---|---|
| | As Reported | Impact of Insurance Settlement (Unaudited) | Pro forma Without Insurance Settlement |
| Operating income | \$ 29,230 | \$ (1,452) | \$ 27,778 |
| Interest expense | (3,079) | - | (3,079) |
| Other expense, net | (302) | - | (302) |
| Income before income taxes | 25,849 | (1,452) | 24,397 |
| Income tax expense | (7,897) | 555 | (7,342) |
| Consolidated net income | 17,952 | (897) | 17,055 |
| Less net income attributable to noncontrolling interest | (206) | - | (206) |
| Net income attributable to Mueller Industries, Inc. | <u>\$ 17,746</u> | <u>\$ (897)</u> | <u>\$ 16,849</u> |
| Diluted earnings per share | <u>\$ 0.47</u> | <u>\$ (0.02)</u> | <u>\$ 0.45</u> |

MUELLER INDUSTRIES, INC.
RECONCILIATION OF NET INCOME AS REPORTED TO NET INCOME
BEFORE LITIGATION SETTLEMENT AND INSURANCE SETTLEMENTS
(In thousands, except per share data)

Earnings without litigation settlement in 2011 and without insurance settlements in 2010 is a measurement not derived in accordance with generally accepted accounting principles (GAAP). Excluding the litigation settlement and insurance settlements is useful as it measures the operating results that are the outcome of daily operating decisions made in the normal course of business. The litigation settlement resulted from the collection of proceeds from the lawsuit against Peter Berkman, Jeffrey Berkman, and Homewerks Worldwide LLC. The insurance settlements resulted from reimbursement for losses claimed as a result of fires at our U.K. copper tube mill in November 2008, and our Fulton, Mississippi copper tube mill in July 2009, the results of which are not impacted by daily operations. Reconciliation of earnings without litigation settlement and insurance settlements to net income as reported is as follows:

| For the Year Ended December 31, 2011 | | | |
|---|----------------|---------------------------------------|--|
| | As Reported | Impact of Litigation Settlement | Pro forma Without Litigation Settlement |
| | (Unaudited) | | |
| Operating income | \$ 139,802 | \$ (10,500) | \$ 129,302 |
| Interest expense | (11,553) | - | (11,553) |
| Other expense, net | 1,912 | - | 1,912 |
| Income before income taxes | 130,161 | (10,500) | 119,661 |
| Income tax expense | (43,075) | 3,675 | (39,400) |
| Consolidated net income | 87,086 | (6,825) | 80,261 |
| Less net income attributable to noncontrolling interest | (765) | - | (765) |
| Net income attributable to Mueller Industries, Inc. | \$ 86,321 | \$ (6,825) | \$ 79,496 |
| Diluted earnings per share | \$ 2.26 | \$ (0.18) | \$ 2.08 |

| For the Year Ended December 25, 2010 | | | |
|--------------------------------------|----------------|---|--|
| | As Reported | Impact of Insurance Settlements (A) | Pro forma Without Insurance Settlements |
| | (Unaudited) | | |
| Operating income | \$ 136,147 | \$ (22,736) | \$ 113,411 |
| Interest expense | (11,647) | - | (11,647) |

| | | | |
|---|------------------|--------------------|------------------|
| Other expense, net | (2,650) | - | (2,650) |
| Income before income taxes | 121,850 | (22,736) | 99,114 |
| Income tax expense | (34,315) | (535) | (34,850) |
| Consolidated net income | 87,535 | (23,271) | 64,264 |
| Less net income attributable to noncontrolling interest | (1,364) | - | (1,364) |
| Net income attributable to Mueller Industries, Inc. | <u>\$ 86,171</u> | <u>\$ (23,271)</u> | <u>\$ 62,900</u> |
| Diluted earnings per share | <u>\$ 2.28</u> | <u>\$ (0.62)</u> | <u>\$ 1.66</u> |

(A) Realization of this insurance settlement resulted in a tax benefit primarily from the utilization of U.K. net operating losses that were previously reserved.

SOURCE Mueller Industries, Inc.