

July 24, 2012



Mueller Industries, Inc. Reports Second Quarter 2012 Earnings

MEMPHIS, Tenn., July 24, 2012 /PRNewswire/ -- Mueller Industries, Inc. (NYSE: MLI) announced today that Mueller's net income in the second quarter of 2012 was \$17.9 million, or 47 cents per diluted share. This compares with net income of \$22.3 million, or 59 cents per diluted share, for the same period of 2011. Net sales for the second quarter of 2012 were \$594.1 million compared with \$652.9 million in the second quarter of 2011. Of the decrease in net sales, approximately \$51.6 million was attributable to lower copper and other raw material costs that impact the selling prices of our products. Copper prices decreased to an average of \$3.55 per pound in the second quarter of 2012 versus \$4.16 per pound in the same quarter of 2011.

Second Quarter Financial and Operating Highlights

- The Plumbing & Refrigeration segment posted operating earnings of \$22.6 million on net sales of \$331.7 million, which compares with prior year earnings of \$24.8 million on net sales of \$347.1 million. The decrease in earnings was due to slightly lower spreads.
- The OEM segment posted operating earnings of \$15.1 million during the second quarter of 2012 on net sales of \$268.6 million, which compares with operating earnings of \$18.8 million on net sales of \$314.1 million for the same period in 2011. Unit volumes decreased somewhat and spreads were slightly lower.
- The Company redeemed its outstanding 6% Subordinated Debentures, due 2014 late in the second quarter. In future periods, the redemption will result in a savings of approximately \$8.9 million in interest expense, or 15 cents per diluted share, on an annualized basis.
- At quarter end, cash totaled \$373.7 million equal to \$9.77 per share and the current ratio was 3.9 to 1. Total stockholders' equity was \$904.3 million.

Business Outlook

Regarding the outlook, Greg Christopher, CEO said, "The long awaited housing recovery may have begun. Mortgage rates are at historic lows, even as home prices have shown signs of firming. Also, in some markets it has become cheaper to buy than to rent. However, commercial construction activity has recently been uneven after showing gains earlier in the year. We believe that overall business conditions in the construction sector are improving, but at an irregular pace."

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 that 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 Six Months Ended | |
|--|-----------------------|------------|--------------------------|--------------|
| | June 30, | July 2, | June 30, | July 2, |
| | 2012 | 2011 | 2012 | 2011 |
| | (Unaudited) | | (Unaudited) | |
| Net sales | \$ 594,099 | \$ 652,923 | \$ 1,171,767 | \$ 1,340,604 |
| Cost of goods sold | 522,851 | 573,877 | 1,016,026 | 1,163,751 |
| Depreciation and amortization | 7,919 | 9,166 | 15,448 | 18,865 |
| Selling, general, and administrative expense | 33,487 | 33,330 | 65,089 | 68,699 |
| Litigation settlement | - | - | - | (10,500) |
| Insurance settlement | - | - | (1,500) | - |
| Operating income | 29,842 | 36,550 | 76,704 | 99,789 |
| Interest expense | (2,721) | (2,834) | (5,358) | (6,182) |
| Other income, net | 490 | 264 | 744 | 1,323 |
| Income before income taxes | 27,611 | 33,980 | 72,090 | 94,930 |
| Income tax expense | (9,071) | (11,249) | (20,733) | (31,657) |
| Consolidated net income | 18,540 | 22,731 | 51,357 | 63,273 |
| Net income attributable to noncontrolling interest | (623) | (400) | (841) | (355) |

| | | | | |
|---|-------------------|-------------------|---------------------|---------------------|
| Net income attributable to Mueller Industries, Inc. | <u>\$ 17,917</u> | <u>\$ 22,331</u> | <u>\$ 50,516</u> | <u>\$ 62,918</u> |
| Weighted average shares | | | | |
| for basic earnings per share | 38,029 | 37,737 | 38,021 | 37,730 |
| Effect of dilutive stock-based awards | <u>436</u> | <u>356</u> | <u>440</u> | <u>309</u> |
| Adjusted weighted average shares | | | | |
| for diluted earnings per share | <u>38,465</u> | <u>38,093</u> | <u>38,461</u> | <u>38,039</u> |
| Basic earnings per share | <u>\$ 0.47</u> | <u>\$ 0.59</u> | <u>\$ 1.33</u> | <u>\$ 1.67</u> |
| Diluted earnings per share | <u>\$ 0.47</u> | <u>\$ 0.59</u> | <u>\$ 1.31</u> | <u>\$ 1.65</u> |
| Dividends per share | <u>\$ 0.10</u> | <u>\$ 0.10</u> | <u>\$ 0.20</u> | <u>\$ 0.20</u> |
| <u>Summary Segment Data:</u> | | | | |
| Net sales: | | | | |
| Plumbing & Refrigeration Segment | \$ 331,688 | \$ 347,069 | \$ 647,042 | \$ 727,658 |
| OEM Segment | 268,551 | 314,086 | 539,527 | 633,422 |
| Elimination of intersegment sales | <u>(6,140)</u> | <u>(8,232)</u> | <u>(14,802)</u> | <u>(20,476)</u> |
| Net sales | <u>\$ 594,099</u> | <u>\$ 652,923</u> | <u>\$ 1,171,767</u> | <u>\$ 1,340,604</u> |
| Operating income: | | | | |
| Plumbing & Refrigeration Segment | \$ 22,605 | \$ 24,790 | \$ 50,863 | \$ 54,473 |
| OEM Segment | 15,057 | 18,816 | 39,782 | 48,462 |
| Unallocated expenses | <u>(7,820)</u> | <u>(7,056)</u> | <u>(13,941)</u> | <u>(3,146)</u> |
| Operating income | <u>\$ 29,842</u> | <u>\$ 36,550</u> | <u>\$ 76,704</u> | <u>\$ 99,789</u> |

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

| | June 30, 2012 | December 31, 2011 |
|---------------------------|--------------------|----------------------|
| | <u>(Unaudited)</u> | |
| ASSETS | | |
| Cash and cash equivalents | \$ 373,680 | \$ 514,162 |
| Accounts receivable, net | 299,264 | 250,027 |
| Inventories | 229,338 | 219,193 |
| Other current assets | <u>41,768</u> | <u>43,317</u> |

| | | |
|-------------------------------------|---------------------|---------------------|
| Total current assets | 944,050 | 1,026,699 |
| Property, plant, and equipment, net | 212,035 | 203,744 |
| Other assets | 116,355 | 117,161 |
| | <u>\$ 1,272,440</u> | <u>\$ 1,347,604</u> |

LIABILITIES AND STOCKHOLDERS' EQUITY

| | | |
|---|---------------------|---------------------|
| Current portion of debt | \$ 25,715 | \$ 41,265 |
| Accounts payable | 89,914 | 65,545 |
| Other current liabilities | 124,757 | 106,434 |
| | <u>240,386</u> | <u>213,244</u> |
| Total current liabilities | 240,386 | 213,244 |
| Long-term debt | 7,800 | 156,476 |
| Pension and postretirement liabilities | 53,162 | 54,244 |
| Environmental reserves | 22,600 | 22,892 |
| Deferred income taxes | 13,079 | 14,856 |
| Other noncurrent liabilities | 966 | 1,130 |
| | <u>337,993</u> | <u>462,842</u> |
| Total liabilities | 337,993 | 462,842 |
| Total Mueller Industries, Inc. stockholders' equity | 904,343 | 855,688 |
| Noncontrolling interest | 30,104 | 29,074 |
| | <u>934,447</u> | <u>884,762</u> |
| Total equity | 934,447 | 884,762 |
| | <u>\$ 1,272,440</u> | <u>\$ 1,347,604</u> |

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

| | For the Six Months Ended | |
|--|--------------------------|-----------|
| | June 30, | July 2, |
| | 2012 | 2011 |
| | (Unaudited) | |
| Operating activities: | | |
| Consolidated net income | \$ 51,357 | \$ 63,273 |
| Reconciliation of consolidated net income to net cash provided by (used in) operating activities: | | |
| Depreciation and amortization | 15,843 | 18,999 |
| Stock-based compensation expense | 2,061 | 1,712 |
| Loss (gain) on disposal of properties | 106 | (275) |
| Insurance settlement | (1,500) | - |
| Insurance proceeds - noncapital related | 9,000 | - |

| | | |
|---|-------------------|-------------------|
| Deferred income taxes | (2,930) | (2,549) |
| Income tax benefit from exercise of stock options | (83) | (90) |
| Changes in assets and liabilities, net of business acquired: | | |
| Receivables | (55,826) | (55,010) |
| Inventories | (9,055) | (78,966) |
| Other assets | (1,371) | (4,398) |
| Current liabilities | 9,121 | 17,199 |
| Other liabilities | 285 | 768 |
| Other, net | <u>270</u> | <u>433</u> |
| Net cash provided by (used in) operating activities | <u>17,278</u> | <u>(38,904)</u> |
| Investing activities: | | |
| Capital expenditures | (23,433) | (8,743) |
| Acquisition of business | - | (6,882) |
| Insurance proceeds for property and equipment | 32,500 | - |
| Proceeds from sales of properties | 175 | 151 |
| Net withdrawals from (deposits into) restricted cash balances | <u>4,368</u> | <u>(3,877)</u> |
| Net cash provided by (used in) investing activities | <u>13,610</u> | <u>(19,351)</u> |
| Financing activities: | | |
| Dividends paid | (7,605) | (7,546) |
| Debt issuance costs | - | (1,942) |
| Net proceeds from the exercise of stock options | 187 | 592 |
| Income tax benefit from exercise of stock options | 83 | 90 |
| Repayments of long-term debt | (148,676) | (250) |
| (Repayments) issuance of debt by joint venture, net | <u>(15,842)</u> | <u>16,498</u> |
| Net cash (used in) provided by financing activities | <u>(171,853)</u> | <u>7,442</u> |
| Effect of exchange rate changes on cash | <u>483</u> | <u>1,713</u> |
| Decrease in cash and cash equivalents | (140,482) | (49,100) |
| Cash and cash equivalents at the beginning of the period | <u>514,162</u> | <u>394,139</u> |
| Cash and cash equivalents at the end of the period | <u>\$ 373,680</u> | <u>\$ 345,039</u> |

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

Earnings without the LIFO gain and insurance settlement in 2012 and without the litigation settlement in 2011 is a measurement not derived in accordance with generally accepted accounting principles. Excluding the LIFO gain, insurance settlement, and litigation 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 LIFO gain resulted from deferred recognition of a 2011 decrement and the insurance settlement was related to a 2009 claim at the Company's Fulton, Mississippi, copper tube mill. The litigation settlement resulted from the collection of proceeds from the lawsuit against Peter Berkman, Jeffrey Berkman, and Homewerks Worldwide LLC, the results of which are not impacted by daily operations. Reconciliations of earnings without the LIFO gain, insurance settlement, and litigation settlement to net income as reported are as follows:

| For the Six Months Ended June 30, 2012 | | | | |
|---|------------------|---------------------------|--------------------------------------|------------------|
| | As Reported | Impact of LIFO Gain | Impact of Insurance Settlement | Pro forma |
| | (Unaudited) | | | |
| Operating income | \$ 76,704 | \$ (7,979) | \$ (1,500) | \$ 67,225 |
| Interest expense | (5,358) | - | - | (5,358) |
| Other income, net | 744 | - | - | 744 |
| Income before income taxes | 72,090 | (7,979) | (1,500) | 62,611 |
| Income tax expense | (20,733) | 2,872 | 585 | (17,276) |
| Consolidated net income | 51,357 | (5,107) | (915) | 45,335 |
| Net income attributable to noncontrolling interest | (841) | - | - | (841) |
| Net income attributable to Mueller Industries, Inc. | <u>\$ 50,516</u> | <u>\$ (5,107)</u> | <u>\$ (915)</u> | <u>\$ 44,494</u> |
| Diluted earnings per share | <u>\$ 1.31</u> | <u>\$ (0.13)</u> | <u>\$ (0.02)</u> | <u>\$ 1.16</u> |

| For the Six Months Ended July 2, 2011 | | | |
|---------------------------------------|----------------|---------------------------------------|-----------|
| | As Reported | Impact of Litigation Settlement | Pro forma |
| | (Unaudited) | | |
| Operating income | \$ 99,789 | \$ (10,500) | \$ 89,289 |
| Interest expense | (6,182) | - | (6,182) |
| Other income, net | 1,323 | - | 1,323 |
| Income before income taxes | 94,930 | (10,500) | 84,430 |
| Income tax expense | (31,657) | 3,675 | (27,982) |
| Consolidated net income | 63,273 | (6,825) | 56,448 |

| | | | |
|---|------------------|-------------------|------------------|
| Net income attributable to noncontrolling interest | <u>(355)</u> | <u>-</u> | <u>(355)</u> |
| Net income attributable to Mueller Industries, Inc. | <u>\$ 62,918</u> | <u>\$ (6,825)</u> | <u>\$ 56,093</u> |
| Diluted earnings per share | <u>\$ 1.65</u> | <u>\$ (0.18)</u> | <u>\$ 1.47</u> |

SOURCE Mueller Industries, Inc.