

July 25, 2017



Mueller Industries, Inc. Reports Second Quarter 2017 Earnings

MEMPHIS, Tenn., July 25, 2017 -- Mueller Industries, Inc. (NYSE: MLI) announced today operating income of \$46.8 million for the second quarter of 2017, compared with \$44.4 million in the same quarter last year. Net income for the period was \$27.6 million, or 48 cents per diluted share, on net sales of \$614.3 million. This compares with net income of \$27.8 million, or 49 cents per diluted share, on net sales of \$544.1 million in the same quarter of 2016. The increase in net sales was primarily attributable to higher selling prices and higher overall unit volumes.

Financial and Operating Highlights for the second quarter of 2017:

- The average price of copper was 21 percent (45 cents per pound) higher compared with the same period of 2016.
- During the quarter, Mueller sold its 50.5% share of the MXR China tube mill. The gain from the sale was more than offset by one-time expenses related to startup costs at the Cedar City, Utah tube mill and the press relocation to the Fulton, Mississippi tube mill.
- Interest expense for the quarter was \$6.4 million compared with \$1.7 million in the same quarter of 2016. The increase was primarily due to interest on the Company's 6% Subordinated Debentures distributed on March 9, 2017 as part of a special dividend.
- At quarter end, cash totaled \$167.6 million.

Regarding the outlook, Greg Christopher, Mueller CEO, said, "Business conditions in the

markets we serve are on track with our expectations for 2017. Construction activity in the U.S. continues to provide steady demand for many of our products, and improvement in industrial demand after several years of softness is encouraging.”

In addition, Mr. Christopher commented, “On May 31, 2017, we acquired the PexCor and HeatLink companies, which support our strategy to grow in the area of pressure plastic piping systems. Further, on June 21, 2017, we made a strategic decision to exit our joint venture in China after years of mediocre performance and increasingly challenging business conditions. We believe that reallocating cash and resources to other initiatives, such as the plastic acquisition and our new mills in Bahrain and Utah, will provide better returns in the future.”

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 Memphis, Tennessee and comprises a network of operations in the United States, Canada, Mexico, Great Britain, South Korea, 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.

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MUELLER INDUSTRIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(Unaudited)

(In thousands, except per share data)	For the Quarter Ended		For the Six Months Ended	
	July 1, 2017	July 2, 2016	July 1, 2017	July 2, 2016

Net sales	\$ 614,266	\$ 544,071	\$ 1,192,186	\$ 1,076,000
Cost of goods sold	524,311	456,060	1,012,738	902,000
Depreciation and amortization	8,595	9,061	16,950	17,000
Selling, general, and administrative expense	<u>34,557</u>	<u>34,514</u>	<u>70,088</u>	<u>70,000</u>
Operating income	46,803	44,436	92,410	85,000
Interest expense	(6,442)	(1,692)	(8,973)	(3,000)
Other income, net	<u>231</u>	<u>515</u>	<u>782</u>	<u>0</u>
Income before income taxes	40,592	43,259	84,219	83,000
Income tax expense	(12,650)	(14,005)	(24,579)	(28,000)
(Loss) income from unconsolidated affiliates, net of tax	<u>(109)</u>	<u>(995)</u>	<u>(1,352)</u>	<u>1,000</u>
Consolidated net income	27,833	28,259	58,288	56,000
Net income attributable to noncontrolling interests	<u>(200)</u>	<u>(462)</u>	<u>(668)</u>	<u>(0)</u>
Net income attributable to Mueller Industries, Inc.	<u>\$ 27,633</u>	<u>\$ 27,797</u>	<u>\$ 57,620</u>	<u>\$ 56,000</u>
Weighted average shares for basic earnings per share	56,906	56,511	56,843	56,000
Effect of dilutive stock-based awards	<u>511</u>	<u>418</u>	<u>585</u>	<u>0</u>
Adjusted weighted average shares for diluted earnings per share	<u>57,417</u>	<u>56,929</u>	<u>57,428</u>	<u>56,000</u>
Basic earnings per share	<u>\$ 0.49</u>	<u>\$ 0.49</u>	<u>\$ 1.01</u>	<u>\$ 1.00</u>

Diluted earnings per share	\$	0.48	\$	0.49	\$	1.00	\$	0.48
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Dividends per share	\$	0.100	\$	0.100	\$	0.200	\$	0.100
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Summary Segment Data:

Net sales:

Piping Systems Segment	\$	422,844	\$	388,662	\$	821,619	\$	757,000
Industrial Metals Segment		154,504		127,737		304,341		262,000
Climate Segment		36,636		31,359		70,915		62,000

Elimination of intersegment sales		<u>282</u>		<u>(3,687)</u>		<u>(4,689)</u>		<u>(4,024)</u>
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Net sales	\$	<u>614,266</u>	\$	<u>544,071</u>	\$	<u>1,192,186</u>	\$	<u>1,076,000</u>
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Operating income:

Piping Systems Segment	\$	34,582	\$	32,959	\$	64,948	\$	64,000
Industrial Metals Segment		16,764		17,124		37,430		37,000
Climate Segment		6,116		5,837		11,726		9,000
Unallocated expenses		<u>(10,659)</u>		<u>(11,484)</u>		<u>(21,694)</u>		<u>(24,000)</u>

Operating income	\$	<u>46,803</u>	\$	<u>44,436</u>	\$	<u>92,410</u>	\$	<u>85,000</u>
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MUELLER INDUSTRIES, INC.

CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)

<i>(In thousands)</i>	July 1, 2017	December 31, 2016
ASSETS		
Cash and cash equivalents	\$ 167,555	\$ 351,3
Accounts receivable, net	287,829	256,2
Inventories	252,799	242,0
Other current assets	35,568	44,7
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Total current assets	743,751	894,3
Property, plant, and equipment, net	284,594	295,2
Other assets	268,919	257,9
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	\$ 1,297,264	\$ 1,447,4
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LIABILITIES AND STOCKHOLDERS' EQUITY		
Current portion of debt	\$ 14,583	\$ 13,6
Accounts payable	105,880	103,1
Other current liabilities	98,735	102,1
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Total current liabilities	219,198	218,9
Long-term debt	489,043	213,7
Pension and postretirement liabilities	31,616	31,2
Environmental reserves	20,859	21,2
Deferred income taxes	19,351	19,5
Other noncurrent liabilities	11,191	6,2
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Total liabilities	791,258	511,0
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Total Mueller Industries, Inc. stockholders' equity	493,371	898,6
Noncontrolling interests	<u>12,635</u>	<u>37,7</u>
Total equity	<u>506,006</u>	<u>936,4</u>
	<u>\$ 1,297,264</u>	<u>\$ 1,447,4</u>

MUELLER INDUSTRIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

	For the Six Months Ended	
<i>(In thousands)</i>	<u>July 1, 2017</u>	<u>July 2, 2016</u>

Cash flows from operating activities

Consolidated net income \$ 58,288 \$ 56,92

Reconciliation of consolidated net income to net cash provided by operating activities:

Depreciation and amortization	17,093	18,16
Stock-based compensation expense	3,692	2,87
Loss (income) from unconsolidated affiliates	1,352	(1,92
Gain on sale of business	(1,631)	-
Loss (gain) on disposals of assets	81	(55
Gain on sales of securities	(611)	-
Impairment charges	411	-
Deferred income taxes	3	3,54
Income tax benefit from exercise of stock options	—	(18
Changes in assets and liabilities, net of businesses acquired and sold:		
Receivables	(47,108)	(52,33
Inventories	(10,874)	1,17
Other assets	(4,723)	17,00
Current liabilities	(1,262)	(1,31
Other liabilities	(1,086)	(1,44
Other, net	(1,078)	(7
Net cash provided by operating activities	12,547	41,86
Cash flows from investing activities		
Capital expenditures	(11,908)	(10,24
Acquisition of businesses, net of cash acquired	(18,419)	(20,53

Proceeds from sale of business, net of cash sold	17,483	-
Net withdrawals from restricted cash balances	4,650	1,50
Investment in unconsolidated affiliates	(1,617)	-
Proceeds from sales of assets	1,363	1,48
Proceeds from sales of securities	<u>1,787</u>	<u>-</u>
Net cash used in investing activities	<u>(6,661)</u>	<u>(27,79)</u>
Cash flows from financing activities		
Dividends paid to stockholders of Mueller Industries, Inc.	(185,539)	(9,88
Dividends paid to noncontrolling interests	(2,909)	-
Issuance of long-term debt	—	2,00
(Repayment) issuance of debt by consolidated joint ventures, net	(3,320)	4,42
Net cash (used) received to settle stock-based awards	(785)	32
Repayments of long-term debt	(611)	(50
Income tax benefit from exercise of stock options	<u>—</u>	<u>18</u>
Net cash used in financing activities	<u>(193,164)</u>	<u>(3,44</u>
Effect of exchange rate changes on cash	<u>3,516</u>	<u>(2,30</u>

(Decrease) increase in cash and cash equivalents	(183,762)	8,31
Cash and cash equivalents at the beginning of the period	<u>351,317</u>	<u>274,84</u>
Cash and cash equivalents at the end of the period	<u>\$ 167,555</u>	<u>\$ 283,16</u>