

October 24, 2017



Mueller Industries, Inc. Reports Third Quarter 2017 Earnings

MEMPHIS, Tenn., October 24, 2017 -- Mueller Industries, Inc. (NYSE: MLI) announced today operating income of \$37.6 million for the third quarter of 2017, compared with \$37.5 million in the same quarter last year. Net income for the period was \$22.3 million, or 39 cents per diluted share, on net sales of \$550.4 million. This compares with net income of \$26.0 million, or 45 cents per diluted share, on net sales of \$506.6 million in the same quarter of 2016.

Financial and Operating Highlights for the third quarter of 2017:

- The average price of copper was 34 percent (73 cents per pound) higher compared with the same period of 2016.
- The increase in net sales was primarily attributable to higher selling prices, offset by the absence of \$28.3 million of sales recorded by MXR, a business the Company exited in June 2017.
- Interest expense for the quarter was \$5.2 million compared with \$1.8 million in the same quarter of 2016. The increase was primarily due to interest on the Company's 6% Subordinated Debentures.
- During the quarter, the Company paid down \$100.0 million of debt.

- At quarter-end, cash totaled \$106.3 million.

Regarding the outlook, Greg Christopher, Mueller CEO, said, "Demand in most of our businesses was solid in the third quarter despite the disruption natural disasters caused in key U.S. markets. We expect this positive trend to continue."

In addition, Mr. Christopher commented, "Our third quarter volume and operating income were significantly affected by challenges we face in our U.S. copper tube operations as we carry out major capital investment projects. Production disruptions and higher spending related to the ongoing projects, as well as lower spreads due to the rapid rise in copper prices, reduced earnings in our U.S. copper tube businesses by approximately \$10.0 million compared to the third quarter of 2016.

"These capital projects are aimed at improving quality, conversion costs, yield and capacity. We believe the challenges that have affected us all year reached a crest in the third quarter. We are confident that we will make progress in ironing out the major issues by year-end and anticipate that we will begin realizing the benefits in 2018."

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)

<i>(In thousands, except per share data)</i>	For the Quarter Ended		For the Nine Months End	
	September 30, 2017	October 1, 2016	September 30, 2017	October 2016
Net sales	\$ 550,363	\$ 506,584	\$ 1,742,549	\$ 1,583,4
Cost of goods sold	471,262	424,668	1,484,000	1,327,3
Depreciation and amortization	8,266	9,016	25,216	26,9
Selling, general, and administrative expense	33,276	32,413	102,953	102,7
Asset impairments	—	3,000	411	3,0
Operating income	37,559	37,487	129,969	123,3
Interest expense	(5,237)	(1,830)	(14,210)	(5,3
Other (expense) income, net	(458)	120	324	8
Income before income taxes	31,864	35,777	116,083	118,9
Income tax expense	(8,716)	(10,837)	(33,295)	(38,9
(Loss) income from unconsolidated affiliates, net of tax	(394)	1,122	(1,746)	3,0
Consolidated net income	22,754	26,062	81,042	82,9

Net income attributable to noncontrolling interests	<u>(496)</u>	<u>(84)</u>	<u>(1,164)</u>	<u>(5</u>
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Net income attributable to Mueller Industries, Inc.	<u>\$ 22,258</u>	<u>\$ 25,978</u>	<u>\$ 79,878</u>	<u>\$ 82,4</u>
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Weighted average shares for basic earnings per share	56,987	56,631	56,891	56,5
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Effect of dilutive stock-based awards	<u>456</u>	<u>586</u>	<u>542</u>	<u>5</u>
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Adjusted weighted average shares for diluted earnings per share	<u>57,443</u>	<u>57,217</u>	<u>57,433</u>	<u>57,1</u>
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Basic earnings per share	<u>\$ 0.39</u>	<u>\$ 0.46</u>	<u>\$ 1.40</u>	<u>\$ 1</u>
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Diluted earnings per share	<u>\$ 0.39</u>	<u>\$ 0.45</u>	<u>\$ 1.39</u>	<u>\$ 1</u>
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Dividends per share	<u>\$ 0.100</u>	<u>\$ 0.100</u>	<u>\$ 8.300</u>	<u>\$ 0.2</u>
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Summary Segment Data:

Net sales:

Piping Systems Segment	\$ 384,078	\$ 351,557	\$ 1,205,697	\$ 1,109,1
Industrial Metals Segment	147,578	131,350	451,919	393,6
Climate Segment	32,488	30,003	103,403	92,0
Elimination of intersegment sales	<u>(13,781)</u>	<u>(6,326)</u>	<u>(18,470)</u>	<u>(11,3</u>

Net sales	<u>\$ 550,363</u>	<u>\$ 506,584</u>	<u>\$ 1,742,549</u>	<u>\$ 1,583,4</u>
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Operating income:

Piping Systems Segment	\$ 20,724	\$ 24,138	\$ 85,672	\$ 88,2
Industrial Metals Segment	23,045	18,749	60,475	55,7
Climate Segment	5,429	4,824	17,155	14,5
Unallocated expenses	<u>(11,639)</u>	<u>(10,224)</u>	<u>(33,333)</u>	<u>(35,1</u>
Operating income	<u>\$ 37,559</u>	<u>\$ 37,487</u>	<u>\$ 129,969</u>	<u>\$ 123,3</u>

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

<i>(In thousands)</i>	September 30, 2017	December 31, 2016
ASSETS		
Cash and cash equivalents	\$ 106,344	\$ 351,316
Accounts receivable, net	276,678	256,295
Inventories	284,114	242,071
Other current assets	25,692	44,700
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Total current assets	692,828	894,382
Property, plant, and equipment, net	283,845	295,235
Other assets	272,551	257,925
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	\$ 1,249,224	\$ 1,447,472
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LIABILITIES AND STOCKHOLDERS' EQUITY		
Current portion of debt	\$ 14,450	\$ 13,650
Accounts payable	125,032	103,170
Other current liabilities	105,677	102,160
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Total current liabilities	245,159	218,980
Long-term debt	388,818	213,700
Pension and postretirement liabilities	31,877	31,270
Environmental reserves	21,365	21,200
Deferred income taxes	19,963	19,570
Other noncurrent liabilities	12,005	6,280
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Total liabilities	719,187	511,030
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Total Mueller Industries, Inc. stockholders' equity	516,903	898,68
Noncontrolling interests	<u>13,134</u>	<u>37,75</u>
Total equity	<u>530,037</u>	<u>936,43</u>
	<u>\$ 1,249,224</u>	<u>\$ 1,447,47</u>

MUELLER INDUSTRIES, INC.

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Unaudited)

(In thousands)

For the Nine Months Ended	
September 30, 2017	October 1, 2016

Cash flows from operating activities

Consolidated net income	\$	81,042	\$	82,98
Reconciliation of consolidated net income to net cash provided by operating activities:				

Depreciation and amortization		25,439		27,26
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Stock-based compensation expense		5,555		4,55
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Loss (income) from unconsolidated affiliates		1,746		(3,04
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Gain on sale of business		(1,491)		–
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Gain on disposals of properties		(26)		(74
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Gain on sales of securities		(611)		–
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Impairment charges		411		3,00
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Deferred income taxes		624		6,49
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Changes in assets and liabilities, net of businesses acquired and sold:

Receivables		(33,359)		(45,78
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Inventories		(40,920)		(91
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Other assets		(3,372)		14,42
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Current liabilities		20,967		(15,99
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Other liabilities		(1,498)		(2,10
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Other, net		(973)		45
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Net cash provided by operating activities		53,534		70,58
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Cash flows from investing activities

Capital expenditures	(17,297)	(15,63
Acquisition of businesses, net of cash acquired	(18,396)	(20,53
Proceeds from sale of business, net of cash sold	17,483	—
Net withdrawals from restricted cash balances	5,197	1,17
Investment in unconsolidated affiliates	(3,317)	—
Proceeds from sales of properties	11,732	5,30
Proceeds from sales of securities	<u>1,787</u>	<u>—</u>
Net cash used in investing activities	<u>(2,811)</u>	<u>(29,68</u>
Cash flows from financing activities		
Dividends paid to stockholders of Mueller Industries, Inc.	(191,241)	(15,55
Dividends paid to noncontrolling interests	(2,909)	(3,76
Issuance of long-term debt	—	2,00
(Repayment) issuance of debt by consolidated joint ventures, net	(3,451)	5,00
Net cash used to settle stock-based awards	(1,644)	(1,35
Repayments of long-term debt	<u>(100,917)</u>	<u>(76</u>
Net cash used in financing activities	<u>(300,162)</u>	<u>(14,43</u>
Effect of exchange rate changes on cash	<u>4,466</u>	<u>(3,51</u>
(Decrease) increase in cash and cash equivalents	(244,973)	22,94

Cash and cash equivalents at the beginning of the period	<u>351,317</u>	<u>274,84</u>
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Cash and cash equivalents at the end of the period	<u>\$ 106,344</u>	<u>\$ 297,79</u>
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