Mueller Industries (MLI)

Updated July 24th, 2025 by Derek English

Key Metrics

Current Price:	$88	**5 Year CAGR Estimate:**	-7.0%	**Market Cap:**	$9.64B
Fair Value Price:	$54	**5 Year Growth Estimate:**	1.0%	**Ex-Dividend Date:**	09/08/25[1]
% Fair Value:	165%	**5 Year Valuation Multiple Estimate:**	-9.5%	**Dividend Payment Date:**	09/22/25
Dividend Yield:	1.2%	**5 Year Price Target**	$56	**Years Of Dividend Growth:**	5
Dividend Risk Score:	A	**Sector:**	Industrials	**Rating:**	Hold

Overview & Current Events

Mueller Industries (MLI) manufactures and sells metal and plastic products worldwide through its three segments: Piping Systems, Industrial Metals, and Climate. The Piping Systems segment offers copper tubes and plumbing-related fittings, and it also resells steel pipes, brass, and other metal products to wholesalers in various industries. The Industrial Metals segment manufactures brass, bronze, and copper alloy rods and other metal products for OEMs in the industrial, construction, HVAC, plumbing, and refrigeration markets. Finally, the Climate segment offers valves, protection devices, and brass fittings for various OEMs in the commercial HVAC and refrigeration markets, as well as high-pressure components and accessories for the air-conditioning and refrigeration markets. Mueller strives to be an industry leader, as it follows the approach of competing where it can be first or second in its core products and key markets. Mueller has averaged a 24% return on invested capital over the past five years and aims to produce double-digit annual growth in operating income.

Mueller released its Q2 2025 results on July 22nd, 2025, reporting another strong quarter. Net sales rose 14% to $1.14 billion, with growth driven by the 2024 acquisitions of Nehring and EPC as well as higher raw material prices, particularly copper. Adjusted operating income grew 28% to $267.9 million, while adjusted net income increased 36% to $217.9 million. Adjusted EPS came in at $1.96, compared to $1.41 in Q2 2024. Results included a $28.1 million net of tax gain related to an insurance settlement from a 2023 tornado event. Excluding this, Mueller still delivered a record quarter. The company generated $190.6 million in cash from operations and maintained a strong balance sheet with $1.0 billion in cash and a current ratio of 4.9. Management reported improved contributions from recent acquisitions and reiterated confidence in long-term demand for water infrastructure, HVAC/R, and electrical systems.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	$0.77	$0.87	$0.75	$0.91	$0.90	$1.24	$4.13	$5.82	$5.30	$5.31	***$5.35***	***$5.62***
DPS	$0.15	$0.19	$0.20	$0.20	$0.20	$0.20	$0.26	$0.50	$0.60	$0.80	***$1.00***	***$1.08***
Shares[2]	114	114	116	114	114	114	114	114	113	113	***114***	***113***

Since 2015, earnings-per-share has grown at an impressive average of 23.9% annually, with even higher growth of 42.8% over the last five years. The company experienced extraordinary growth in 2021, which was well above the yearly earnings-per-share growth rate of 9.9% for the 2012 to 2020 period. However, we expect earnings to slow in 2025 due to weakening product demand. With a high starting base, we expect a lower earnings-per-share growth rate of 1% annually going forward. Our EPS target for 2025 has been adjusted based on the stock split and the results over the last year, as we foresee a continued trend of lower demand. The company saw significant growth in dividends, with an average annual rate of 23.9% over the past 10 years and 34.1% over the last five years. Recently, the company raised the quarterly dividend by 25% to $0.25. However, we anticipate a slower dividend growth rate of 1.5% annually over the next five years due to the expected return to pre-2021 earnings levels and the company's history of maintaining dividends.

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[1] Estimated Based on Historical dates

[2] Share count is in millions.

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	Now	2030
Avg. P/E	16.9	21.3	18.1	22.7	15.7	16.4	11.6	5.5	11.2	14.9	***16.5***	***10.0***
Avg. Yld.	1.0%	0.9%	1.2%	1.2%	1.4%	1.4%	1.4%	1.1%	1.4%	1.4%	***1.2%***	***1.9%***

Since 2015, the stock has averaged a P/E ratio of 15.4; over the past five years, the stock has averaged a P/E ratio of 11.9. We estimate that a P/E ratio of about 10 is fair for the business as the company's earnings-per-share growth is expected to slow. Shares are currently well ahead of our target valuation. In addition, the stock offers a 1.2% dividend yield today, which is low for investors who prioritize dividend income. The company's share price has surged since March 2020, and it is 165% of our fair value estimate of $54.

Safety, Quality, Competitive Advantage, & Recession Resiliency

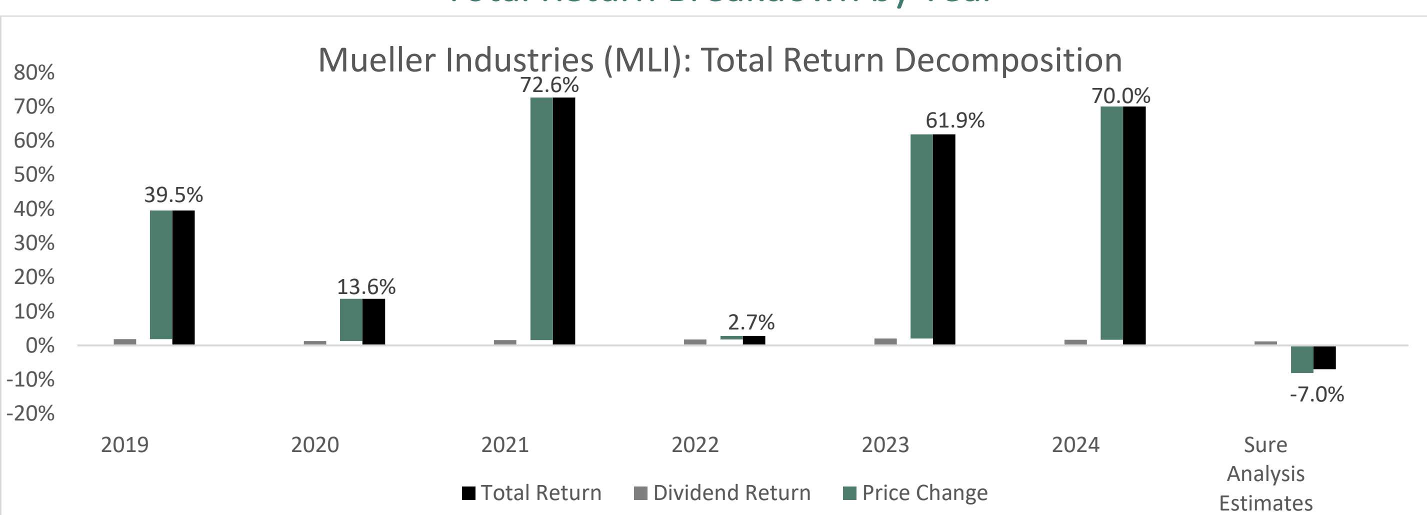
Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	19%	22%	27%	22%	22%	16%	6%	9%	11%	15%	***19%***	***19%***

Since 2015, the business has demonstrated a conservative dividend policy, with the payout ratio typically below 22%. We expect the payout ratio to remain around low as earnings stabilize. Mueller's balance sheet is reasonably strong, with a current ratio of 5.1 and a little over $1 million in long-term debt. While we project that the dividend is safe from being cut, the company has a history of maintaining the dividend for several years and rewarding shareholders with significant increases as earnings improve. Mueller Industries' competitive advantages are its strong global presence and brand reputation for quality and reliability. The company is the second-largest metal fabrication company by market cap. It offers a wide range of products in different industries, which helps mitigate the impact of market volatility in any specific market. This type of diversification helps keep the company resilient during a recession, where it typically maintains its dividend.

Final Thoughts & Recommendation

Mueller Industries is a metal fabrication business that has long delivered high returns on capital. Based on the current share price, we predict a negative total return annually over the next five years. This return is driven by a 1.2% dividend yield, an expected 1% annual growth in earnings-per-share, and a negative headwind from an expanding multiple. Although the company posted another strong quarter the total expected return potential is negative. Hence, we rate Mueller Industries as a hold.

Total Return Breakdown by Year



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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue	2,100	2,056	2,266	2,508	2,431	2,398	3,769	3,982	3,420	3,769
Gross Profit	290	332	325	357	395	432	830	1,118	987	1,044
Gross Margin	13.8%	16.2%	14.4%	14.3%	16.3%	18.0%	22.0%	28.1%	28.9%	27.7%
SG&A Exp.	130	136	141	149	162	159	184	203	208	227
D&A Exp.	35	35	34	40	43	45	45	44	40	53
Operating Profit	125	160	143	168	189	223	596	869	738	762
Operating Margin	6.0%	7.8%	6.3%	6.7%	7.8%	9.3%	15.8%	21.8%	21.6%	20.2%
Net Profit	88	100	86	104	101	139	469	658	603	605
Net Margin	4.2%	4.9%	3.8%	4.2%	4.2%	5.8%	12.4%	16.5%	17.6%	16.1%
Free Cash Flow	131	120	(2)	129	169	201	280	686	619	566
Income Tax	43	48	38	31	35	55	166	223	221	205

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets	1,339	1,447	1,320	1,370	1,371	1,529	1,729	2,242	2,759	3,291
Cash & Equivalents	275	351	120	73	98	119	88	461	1,171	1,037
Accounts Receivable	252	256	245	273	270	358	472	380	352	450
Inventories	239	242	328	330	292	315	430	449	380	462
Goodwill & Int. Ass.	161	160	172	212	213	245	233	212	198	618
Total Liabilities	479	511	784	806	709	728	472	428	401	487
Accounts Payable	88	103	103	104	86	148	181	128	120	174
Long-Term Debt	216	227	465	497	386	328	2	2	1	1.1
Shareholder's Equity	827	899	522	548	643	777	1,222	1,791	2,337	2,773
D/E Ratio	0.26	0.25	0.89	0.91	0.60	0.42	0.00	0.00	0.00	0.00

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets	6.6%	7.2%	6.2%	7.8%	7.4%	9.6%	28.8%	33.2%	24.1%	20.0%
Return on Equity	11.1%	11.6%	12.0%	19.5%	16.9%	19.6%	46.9%	43.7%	28.9%	23.4%
ROIC	8.3%	8.9%	7.9%	10.1%	9.6%	12.8%	39.2%	42.8%	28.9%	23.4%
Shares Out.	57	57	58	57	57	57	57	56.6	113.7	114
Revenue/Share	36.86	35.96	39.42	43.79	43.14	42.53	66.36	70.42	30.09	33.07
FCF/Share	2.30	2.10	(0.04)	2.26	3.01	3.57	4.93	12.14	5.44	4.96

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.