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Masco Corp. (MAS)

Q1 2026 Earnings Call

CORPORATE PARTICIPANTS

Robin L. Zondervan

Vice President, Chief Accounting Officer and Investor Relations/FP&A, Masco Corp.

Jonathon J. Nudi

President, Chief Executive Officer & Director, Masco Corp.

Richard Westenberg

Vice President, Chief Financial Officer & Treasurer, Masco Corp.

OTHER PARTICIPANTS

John Lovallo

Analyst, UBS Securities LLC

Stephen Kim

Analyst, Evercore ISI

Sam Reid

Analyst, Wells Fargo Securities LLC

Matthew Bouley

Analyst, Barclays Capital, Inc.

Ketan Mamtora

Analyst, BMO Capital Markets Corp.

Mike Dahl

Analyst, RBC Capital Markets LLC

Trevor Allinson

Analyst, Wolfe Research LLC

Adam Baumgarten

Analyst, Vertical Research Partners LLC

Philip Ng

Analyst, Jefferies LLC

Michael Rehaut

Analyst, JPMorgan Securities LLC

Anthony James Pettinari

Analyst, Citigroup Global Markets, Inc.

Susan Maklari

Analyst, Goldman Sachs & Co. LLC

Rafe Jadrosich

Analyst, BofA Securities, Inc.

MANAGEMENT DISCUSSION SECTION

Operator: Good morning, ladies and gentlemen. Welcome to the Masco Corporation's First Quarter 2026 Conference Call. My name is Jeanie, and I will be your operator for today's call. As a reminder, today's conference call is being recorded for replay purposes. [Operator Instructions] Thank you. I will now turn the call over to Robin Zondervan, Vice President, Investor Relations, and FP&A and you may begin.

Robin L. Zondervan

Vice President, Chief Accounting Officer and Investor Relations/FP&A, Masco Corp.

Thank you, operator. And good morning, everyone. Welcome to Masco Corporation's 2026 first quarter conference call. With me today are Jon Nudi, President and CEO of Masco. And Rick Westenberg, Masco Vice President and Chief Financial Officer.

Our first quarter earnings release and the presentation slides are available on our website under Investor Relations. Following our remarks, we will open the call for analyst questions. Please limit yourself to one question with one follow up. If we can't take your question now, please call me directly at 313-792-5500.

Our statements today will include our views about future performance which constitute forward-looking statements. These statements are subject to risks and uncertainties that could cause our actual results to differ materially from the forward-looking statements. We've described these risks and uncertainties in our risk factors and other disclosures in our form 10-K and our form 10-Q that we filed with the Securities and Exchange Commission.

Our statements will also include non-GAAP financial metrics. Our references to operating profit and earnings per share will be as adjusted unless otherwise noted. We reconcile these adjusted metrics to GAAP in our earnings release and presentation slides, which are available on our website under Investor Relations. With that, I will now turn the call over to Jon.

Jonathon J. Nudi

President, Chief Executive Officer & Director, Masco Corp.

Thank you, Robin. Good morning, everyone, and thank you for joining us. Before I discuss our quarterly results, I want to spend a few minutes talking about the continued evolution of our Masco Executive Committee, which we established at the end of last year. Jai Shah, Group President, Plumbing and Wellness, and Rick Marshall, Vice president of Masco Operating System, recently announced their intent to retire from Masco later this summer.

I'd like to thank both Jai and Rick for their leadership and their important contributions to both our business and our culture. With Jai's retirement, we've taken steps to further streamline our organization. The leaders of our four largest businesses Delta, Hans Grohe, Behr, and Watkins Wellness, will now all report directly to me. These four leaders have over 80 years of combined service at Masco, have extensive experience in our industry, and are key contributors to Masco's performance and our culture.

Furthermore, we are adding two new leaders to our Executive Committee with expertise in supply chain and procurement. The addition of these leaders and capabilities will enable us to drive additional efficiencies, leverage our scale, and enhance our speed of execution across the enterprise. The structure and leadership composition

of our Executive Committee will help enable greater agility and tighter alignment between corporate and business unit priorities, all in the pursuit of delivering above market top and bottom line growth.

In addition, we have continued the implementation of other initiatives that were announced earlier this year. Our integration of Liberty Hardware into Delta Faucet is on track, as we further leverage the brand's capabilities and scale for Delta Faucet business. Restructuring actions to streamline our business, reduce head count and optimize operations are ongoing. We incurred approximately \$8 million in restructuring charges in the first quarter, and we continue to expect approximately \$50 million in total charges in 2026. The savings generated from these actions will fund additional growth initiatives and contribute to our future margin expansion. We're already experiencing the positive impact of these actions in our results.

With that, let's dive into our first quarter results. Please turn to slide 5. Overall, we are pleased with our performance in an extremely dynamic environment. Net sales increased 6% or 4% in local currency, primarily driven by favorable pricing. Additionally, while still down slightly, this was our strongest year-over-year first quarter volume performance since the end of the pandemic. Operating profit was \$324 million, an increase of 13%. Operating profit margin was 16.9%, an improvement of 90 basis points. Earnings per share grew 20% during the quarter to \$1.04 per share.

Turning to our segments, Plumbing Products sales increased 7% in local currency, exceeding our expectations, largely due to more resilient than expected volume. North American sales increased 9% in local currency, driven by favorable pricing as well as slightly higher volumes. Delta Faucet delivered a strong quarter with sales growth across all three channels; trade, retail, and e-commerce.

Additionally, Delta Faucet was recognized by USA Today as a Most Trusted Brand and by Newsweek as One of America's Most Trustworthy Companies, demonstrating the significant strength of Delta's brand and service capabilities, which are resonating with customers and consumers.

Turning to international Plumbing sales increased 1% in local currency, driven by growth across many European markets, particularly Germany, partially offset by the ongoing weak market in China. Operating profit for the Plumbing Products segment grew 10% to \$250 million, and operating margin expanded 10 basis points to 18.3%.

Turning to our Decorative Architectural segment, sales were in line with the prior year. DIY paint sales decreased low-single digits while PRO paint sales grew mid-single digits. Operating profit for the segment increased 19% to \$105 million, and operating margin was 19%. Showcasing our commitment to innovative new products, BEHR PREMIUM PLUS ECOMIX was recently named a 2026 Green Building's Sustainable Product of the Year, where it continues its industry leadership in delivering both innovative and sustainable products.

Turning to capital allocation, our strong cash flow allowed us to return \$267 million to shareholders this quarter through dividends and share repurchases. We are pleased with our first quarter performance and the team's strong execution and operational focus. Additionally, I'm proud of how our teams are working quickly to implement various restructuring actions to ensure we have the appropriate cost structure for our business in this rapidly changing environment.

Turning to our expectations for the full year. We continue to face a highly dynamic macroeconomic and geopolitical environment. Therefore, we believe it is prudent to maintain our 2026 earnings per share guidance in the range of \$4.10 to \$4.30 per share. Our guidance includes our expectation that our sales will now be up low-single digits for 2026, but that we will also incur higher than previously anticipated commodity costs. Rick will share additional details of our guidance in a few moments.

While uncertainty remains in the near term, we are focused on positioning ourselves for ongoing sales and profit growth over the mid-to-long term. The structural factors for repair and remodel activity are strong, including record high at home equity levels, the age of the housing stock, and increasing pent-up demand for renovation projects. As consumer sentiment improves, interest rates decreased and existing home turnover increases, we expect these favorable fundamentals to become a tailwind for our business.

In addition, we are taking the right actions to optimize our business, leaving us well positioned to deliver above market top and bottom line growth. We are committed to our consumer driven strategy, which leverages our industry-leading brands, expanded commercial capabilities, and enhanced operational excellence. We look forward to further sharing this strategy and our long-term goals with you, either in person or online, at our upcoming Investor Day on Wednesday, May 13th in New York City.

With that, I'll now turn the call over to Rick to go over our first quarter results and 2026 outlook in more detail. Rick?

Richard Westenberg

Vice President, Chief Financial Officer & Treasurer, Masco Corp.

Thank you, Jon, and good morning, everyone. Thank you for joining. As Robin mentioned, my comments today will focus on adjusted performance, excluding the impact of rationalization charges and other onetime items. Turning to slide 7. We delivered strong first quarter results with total sales increasing 6% or 4%, excluding the favorable impact of currency. In local currency, North American sales increased 5% and international sales increased 1%. Gross margin expanded 10 basis points to 36% in the quarter. SG&A as a percent of sales was 19.1%, 80 basis points lower than the prior year.

Operating profit grew 13% to \$324 million in the quarter, and our margin expanded 90 basis points to 16.9%. Operating profit was driven by pricing actions and cost savings initiatives, partially offset by higher tariff and commodity costs. Our EPS grew 20% to \$1.04 per share in the quarter.

Turning to slide 8, Plumbing sales increased 9% in the first quarter, or 7% excluding the favorable impact of currency. While this growth was primarily driven by pricing actions, which increased sales by 6%, our performance was better than expected, driven by volume, which was up slightly in the quarter. In local currency, North American Plumbing sales increased 9% in the quarter. This performance was primarily driven by strong growth in our Delta Faucet and Watkin Wellness (sic) [Watkins Wellness] (00:10:06) businesses. In local currency, International Plumbing sales increased 1% in the quarter. Hansgrohe grew in many of its European markets, including its key market of Germany. This growth was partially offset by softness in China and other smaller markets.

Segment operating profit in the first quarter increased 10% to \$250 million, and operating margin expanded 10 basis points to 18.3%. Operating profit was driven by pricing actions and cost savings initiatives, partially offset by higher tariff and commodity costs.

Turning to slide 9. Decorative Architectural sales were in line with the prior year. This performance was driven by mid-single digit growth in our PRO paint sales, offset by a low-single digit decrease in our DIY paint sales.

These results were largely in line with our expectations, and we continue to anticipate full-year PRO paint sales to increase mid-single digits and for DIY paint sales to decrease mid-single digits. Operating profit in the first quarter was \$105 million. Growth versus the prior year was primarily driven by cost savings initiatives, which are inclusive

of benefits from our recent restructuring actions as well as increased pricing. This was partially offset by higher commodity costs.

Operating margin was 19% in the quarter and reflects the benefits of our Liberty Hardware business now being reported in our Plumbing segment. This was coupled with a more normalized first quarter for our paint business, as we lapped the inventory timing dynamic that unfavorably impacted the first quarter of last year.

Turning to slide 10, our balance sheet remained strong with gross debt-to-EBITDA at 2.1x at quarter end. We finished the quarter with \$1.3 billion of liquidity, including cash and availability under our revolving credit facility. Working capital was 19.5% of sales at quarter end. As expected, working capital balances in the first half of the year remained elevated versus the prior year due to the timing of when tariffs were implemented.

However, we continue to anticipate working capital as a percent of sales will be approximately 16.5% at the end of the year. Our strong cash performance enabled us to return \$267 million to shareholders through dividends and share repurchases, including the repurchase of \$202 million of stock in the first quarter. Additionally, based on the strength of our balance sheet and confidence in our future performance, we recently entered into a two-year delayed draw term loan of up to \$500 million. We plan to utilize the available funds under this facility to opportunistically repurchase our shares. As a result, we now expect to deploy at least \$800 million toward share repurchases or acquisitions in 2026, up from our previous expectation of approximately \$600 million.

Now, let's turn to slide 11 and review our outlook for 2026. While we are pleased with our strong results in the first quarter, there remains a high degree of uncertainty in the macroeconomic and geopolitical environment. As a result, we are largely maintaining our full-year outlook. For Masco overall, we expect 2026 sales to be up low-single digits versus our previous guide of flat to up low-single digits, and we continue to expect our margins to expand to approximately 17%.

Regarding cadence for the year, given the timing of tariff impacts, which largely impacted our results in the second half of last year. We anticipate total Masco margin to be relatively flat in the first half of the year versus our previous guide of margin contraction, and to expand in the second half of the year, as we lap the tariff impact and as our mitigation actions continue to take hold.

As it relates to tariffs, on our prior earnings call, we estimated the total cost impact from incremental tariffs to be approximately \$200 million before mitigation this year. Given the recent ruling on IEEPA tariffs, the implementation of temporary Section 122 tariffs and changes to how Section 232 tariffs on steel, aluminum, and copper are applied, we do anticipate the impact of these tariff changes before mitigation to be favorable. However, given a great deal of uncertainty as to where tariffs will ultimately land, it is challenging to quantify.

In addition, we anticipate any tailwind from these tariff changes will be more than offset by anticipated increases in commodity and related input costs. Copper prices remain elevated and oil, which impacts a wide range of material as well as logistics costs, also remains elevated and volatile. We continue to monitor these dynamics and we'll work diligently to mitigate the impacts as we have demonstrated in the past.

Turning to our segments. In our Plumbing segment, we continue to expect 2026 full-year sales to be up low-single digits and our operating margin to expand to approximately 18%, driven by pricing discipline, operational efficiencies, and continued cost savings initiatives. In our Decorative Architectural segment, we continue to expect 2026 sales to be roughly flat with the prior year and our operating margin to be approximately 19% with a continued focus on cost savings initiatives.

Finally, as Jon mentioned earlier, we are maintaining our 2026 EPS estimate of \$4.10 to \$4.30 per share. This now assumes a 200 million average diluted share count for the year, versus our previous guide of 202 million shares and a 24.5% effective tax rate. Additional financial assumptions for 2026 can be found on slide 14 of our earnings deck.

With that, I would like to open up the call for questions, operator?

QUESTION AND ANSWER SECTION

Operator: In order to ensure that everyone has a chance to participate, we would like to request that you limit yourself to asking one question and one follow-up question during the Q&A session. [Operator Instructions] And your first question comes from the line of John Lovallo with UBS. Please go ahead.

John Lovallo

Analyst, UBS Securities LLC

Q

Good morning guys. Thanks for taking my questions. The first one is just on the Section 232, you said that this could be actually favorable, which it seems right to us, but is this really driven by the fact that the product that you're importing, whether it's faucets or showerheads, are not entirely copper, and that's some of the subassembly is done in the US. And how do you kind of wrap your arms around what this potential benefit could be?

Richard Westenberg

Vice President, Chief Financial Officer & Treasurer, Masco Corp.

A

Yeah. Hey John, good morning, it's Rick. So with regards to our comments on the potential favorability on the tariff impacts, it's really an impact – it's really a composite impact. So, it's not just the 232 tariffs, but it's the ruling on the IEEPA tariffs at the end of February, the imposition of Section 122 tariffs. And then of course the 232 tariffs which you speak. So, we look at it from a composite perspective. The 232 tariffs themselves are relatively nominal in terms of their net impact, but on composite we expect a favorable impact.

But in addition to the ones that we talked about in our opening comments, as you probably are aware, the administration is looking into a couple of investigations on Section 301 tariffs as well. The environment remains uncertain. We think a net-net will be favorable for us for the year, but it's difficult to quantify just given the moving parts. And as we also mentioned, we think any favorability will likely be offset by elevated commodity costs as we talked about.

John Lovallo

Analyst, UBS Securities LLC

Q

Okay. That's helpful. And then I think you guys had – your prior estimate was for consolidated pricing, to be up low-single digits with mid-single digit pricing and Plumbing and sort of flattish in Dec Arc. I mean, how are you guys kind of thinking about this now, particularly with the move in resins since the conflicts in the Middle East began?

Richard Westenberg

Vice President, Chief Financial Officer & Treasurer, Masco Corp.

A

Yeah. So with regards to our pricing expectations for the year, our Plumbing expectation is mid-single digit. In terms of Dec Arc, it's really going to be dependent on where we end up from a commodity perspective. We are seeing significant headwinds given the elevated and volatile oil prices and the impact that it has really across the input spectrum and including freight costs as well. But certainly on the Dec Arc side with regards to resins, et cetera.

And so, we're seeing upward pressure in the neighborhood of mid-to-high single digits. Obviously, that's still in discussions. And so, that's something that we're tracking very closely. I think from an overall company perspective, we would expect mid-single digit inflation. And that's really commodities as well as one of the way inflation as well. So, it's something that we're monitoring and managing very closely. We do have a track record of offsetting and managing through these challenges. And we believe we'll do so here as well through a combination of levers. But that's really the landscape. And caveat is we all recognize that it's still uncertain but there is upward pressure.

John Lovallo

Analyst, UBS Securities LLC

Q

Okay. Thanks very much.

Operator: Your next question comes from the line of Stephen Kim with Evercore ISI. Please go ahead.

Stephen Kim

Analyst, Evercore ISI

Q

Yeah, thanks very much, guys. Appreciate it. I think you effectively have said that you – well, you just reiterated that you think that the changes in the tariffs will largely be offset by the commodity. I was wondering if you could give us just an overall estimate of how much that piece, which will be transferred effectively will be for the year. And if there's a quarterly cadence to that we should be mindful of?

Richard Westenberg

Vice President, Chief Financial Officer & Treasurer, Masco Corp.

A

Stephen, just to clarify your question in terms of the transfer of cost. Could you just elaborate?

Stephen Kim

Analyst, Evercore ISI

Q

The offset. Yeah. The offset. You were basically saying that the tariff changes could be beneficial to you, but the commodity costs will be higher and that those pieces would effectively be offsetting if I heard you correctly. And so, I'm just wondering how big is that piece effectively?

Richard Westenberg

Vice President, Chief Financial Officer & Treasurer, Masco Corp.

A

Yeah. We're not going to quantify the actual magnitude of it. I think on a net basis, you can think of them as relatively flat to potentially a headwind for us for the year, just given the extent of commodity inflation that we've seen really across many input costs, particularly copper and zinc, as well as oil-based inputs, particularly resins, et cetera. So, we're basically tracking that. But I think at the end of the day, those commodity costs are going to offset the variability or potentially more than that.

In terms of your second question, quarterly cadence. This is largely a back half of 2026 phenomenon. I think we've described in the past, particularly on the Plumbing side of the business, commodity costs, when they show up in the market, really have to flow through our inventory. And then our P&L, usually a couple of quarters later, we saw elevated copper and zinc cost really as we entered into 2026. So that will be more of a back half 2026 phenomenon as it pertains to oil and resin costs. That's a little bit more near term because we've been seeing that as of late, and that's more of a quarter to two quarters out.

So, it's really kind of as we approach mid-year and the second half of the year, that we would see that impact, and that lines up pretty cleanly with regards to our tariff favorability, because the tariff favorability is largely driven by the IEEPA tariff ruling and that occurred, as we all know, on February 20th. And so that takes some time to flow through our P&L as well. So, they tend to map pretty cleanly, but at the end of the day, there's still a lot of volatility out there Stephen as you recognize.

Stephen Kim

Analyst, Evercore ISI

Q

Okay, great. That's actually a good cleanup. Appreciate that. In the Dec Arc segment, your margins were stronger than we expected. And I was curious if you could give us some sense for the relative importance of the cost savings initiatives from restructuring versus pricing, and give us a sense for what your expectation is about the quarterly cadence, because we typically see the margins rise in 2Q and 3Q from 1Q, is there anything that we should be mindful of that would be different this year than normal?

Jonathon J. Nudi

President, Chief Executive Officer & Director, Masco Corp.

A

Yeah. Hi Stephen. This is Jon. I'll jump in first and then Rick can follow up with anything on this here. We, I guess overall feel good about the trajectory that our paint business is on. As you know, we exited 2025 with the challenging year behind us and we feel better about our performance. Again, we saw our business overall flat with PRO paint grown mid-single digits, DIY down low-single digits. We feel great about the plans we have in place with our retail partner and we'll continue to again grow share with the PRO [ph] painter who tends (00:23:11), which is a big opportunity for us, and we've got a significant amount of headroom there.

And then make sure that we continue to grow with DIY as well, where we have a significant share. In terms of margins, I would say yes, they were up significantly versus last year. They were much more normalized versus the typical Q1 though we had an easy comp this year versus Q1 of last year and we feel good about our ability to continue to manage our margins and move forward.

I would say our restructuring actions are paying-off, and particularly in our Behr business, as we've taken significant steps to really streamline our cost structure and allow us to compete in a market that hasn't been growing the way that we'd like overall.

And I'll let Rick answer the question just on quarterly cadence, but hopefully that gives you a good perspective.

Richard Westenberg

Vice President, Chief Financial Officer & Treasurer, Masco Corp.

A

Yeah. Stephen, so with regards to Jon's comments were spot on in terms of the implications on Q1. I would just reinforce that the performance in Q1 was driven really based off of cost reduction actions that were in our control, including the restructuring actions that Jon alluded to. We did see some low-single digit inflation in the commodity input costs. So, that's something that we are mindful of. And as I mentioned earlier, are expected to increase over

time. So, that's something that we're tracking. But I think in terms of our margin performance in Q1, it was largely in line with what we would have seen from a historical standpoint on a clean Q1.

Stephen Kim

Analyst, Evercore ISI

Okay. Appreciate it guys. Thanks.

Q

Jonathon J. Nudi

President, Chief Executive Officer & Director, Masco Corp.

Thank you.

A

Operator: Your next question comes from the line of Sam Reid with Wells Fargo. Please go ahead.

Sam Reid

Analyst, Wells Fargo Securities LLC

Thanks everyone. Congrats on the quarter here. In Plumbing, really nice beat versus expectations. I just wanted to perhaps unpack the Plumbing volumes that you put up during the quarter. I know they were modest, but I believe there were some volume benefits there. And just wanted to double confirm that there wasn't anything onetime or any pull forward in there around pricing that we should be mindful of.

Q

Jonathon J. Nudi

President, Chief Executive Officer & Director, Masco Corp.

Hi Sam, this is Jon. I would say the short answer is no. It was a pretty normalized quarter in terms of inventories. We feel really good about our Plumbing business and the performance that team put up really around the world where we saw our business grow nicely. Our North American business, in particular, with Delta Faucet company had a terrific first quarter, still growing high-single digits.

A

I think one of the – if you look at our beat versus our internal expectations for Q1, it was really Plumbing and then primarily North American Plumbing and the vast majority of that beat was really just volume versus expectations. As you're aware, we took a fairly significant amount of pricing as we exited last year. And the team has done a terrific job really putting that pricing in place and navigating with our customers to have really good plans.

And we saw our volume performed better than we would have expected from an elasticity standpoint. So, we feel like the fundamentals are incredibly strong. We grew share across our channels. In fact, we grew in every channel across Plumbing, whether it'd be wholesale trade or e-commerce. We've got a great new product line up. Our marketing plans are strong. We feel really good about our Plumbing business. And, we'll continue to focus on as we move through the rest of the year.

Sam Reid

Analyst, Wells Fargo Securities LLC

That's super helpful. And then maybe double clicking on the Plumbing price in a little bit more detail. I mean, it sounds like the strength was widespread across all of your channels, but could you perhaps give us a little bit more color on whether there were any nuances between Plumbing price, say, retail versus wholesale, wholesale versus e-comm, which is plus maybe a view on how that Plumbing price might have looked by channel? Thanks so much.

Q

Jonathon J. Nudi

President, Chief Executive Officer & Director, Masco Corp.

A

Yeah, Sam, this is Jon again. We typically don't get into that level of detail from a pricing standpoint. I think suffice to say though, if you look at our results, we executed our plans well from a pricing standpoint across all channels given that we saw the price realization in the market that we had hoped for and our elasticities weren't as severe as they could be. So again, we feel really good about how we navigated. And the performance was pretty consistent through all channels. And again in North America, it was high-single digits, which is terrific.

Sam Reid

Analyst, Wells Fargo Securities LLC

Q

All helpful. Thanks so much.

Jonathon J. Nudi

President, Chief Executive Officer & Director, Masco Corp.

A

Thank you.

Operator: Your next question comes from the line of Matthew Bouley with Barclays. Please go ahead.

Matthew Bouley

Analyst, Barclays Capital, Inc.

Q

Good morning everyone. Thank you for taking the questions. Wanted to start on the growth guidance in Plumbing. So you obviously started the year at this 9% growth and still guiding the full-year up low-single digits. And so presumably those pricing comps will get a lot tougher in the second half. So, I guess that part is understood. But you would still need a lot more deceleration either as soon as Q2 or perhaps even a negative comp at some point just to kind of hit that guide. So, I guess the question is, should we be expecting that deceleration in growth is sort of already happening here in Q2, or are you just really building in a lot of conservatism around the volume side that you kind of think is prudent here to sort of get that type of deceleration? Thank you.

Jonathon J. Nudi

President, Chief Executive Officer & Director, Masco Corp.

A

You're welcome. This is Jon. So, as I mentioned, we're really pleased with the performance in Q1 as we look to the remainder of the year. Really, it's the uncertainty that we see in the world around us that caused us to keep our guidance where it is. Certainly, you had all of the uncertainty prior to the war and around with tariffs and consumer sentiment and things like that, and then obviously the war as a whole another level of uncertainty.

So, we're looking at two things very closely. One, the demand environment and how our consumers purchasing across our markets. And today, we have not seen a meaningful change. But it's something that we're looking at very, very closely. And I think as the oil shock ripples through the economy, we have questions in terms of how the economy is going to perform. Again, nothing to date. That gives us pause, but we're going to continue to watch that closely.

As Rick mentioned earlier, what we have seen certainly is the impact of inflation from the oil shock, particularly in petrochemicals and particularly in our Decorative Architectural business. As Rick also mentioned, our team has really, I think, distinguished itself as being able to navigate through tough times and dynamic environment, and we'll do everything that we can to offset that inflation by negotiating with our suppliers, looking at footprint. But ultimately, if we have to take price, we'll work to do that in a very efficient, effective way.

Matthew Bouley

Analyst, Barclays Capital, Inc.

Q

Got it. Okay. That's very helpful. Secondly, shifting over to the Hansgrohe business, question is on basically both demand and energy costs, specifically in Europe. So as the conflict began, the question is, have you sort of seen any changes, either from a consumer perspective? I mean, sounded like Europe was still positive in the quarter, but anything changing on the margin around demand in Europe or just, the energy costs related to natural gas in your business there. So any kind of color on how you expect that to play out? Thank you.

Jonathon J. Nudi

President, Chief Executive Officer & Director, Masco Corp.

A

You're welcome. I'd say it's similar to what we're seeing in North America. We haven't seen a dramatic change to-date, something we're obviously watching closely. We see commodity pressure in Europe, just like we do in North America. And that team is taking – Hansgrohe team is taking the initiatives to offset it. And then from a demand standpoint, again, remember that Hansgrohe is really a global business.

We like how Europe is holding up at this point. China is no secret, it remains a challenging market from a new home construction standpoint and a building standpoint. So if anything, that's the market we continue to look at in terms of, trends and looking to improve our trends in that market. But Europe is hanging in there pretty well to-date, so feel good about Hansgrohe as well.

Matthew Bouley

Analyst, Barclays Capital, Inc.

Q

Well great thanks, Jon. Good luck guys.

Jonathon J. Nudi

President, Chief Executive Officer & Director, Masco Corp.

A

Thank you.

Operator: Your next question comes from the line of Ketan Mamtora with BMO Capital Markets. Please go ahead.

Ketan Mamtora

Analyst, BMO Capital Markets Corp.

Q

Good morning and congrats on a strong quarter. Maybe just coming back to the full-year guidance. Jon, what is the right way to think about sort of what you're embedding as the base case if volumes, the demand environment stay kind of where it is today, do you expect to be more sort of at the midpoint of the range? How should we think about that?

Richard Westenberg

Vice President, Chief Financial Officer & Treasurer, Masco Corp.

A

Hey, Ketan, good morning, it's Rick. So with regards to our guidance, it's informed by all the information that we have to-date with regards to what we're seeing in the marketplace. Obviously, the uncertainty in the macroeconomic and geopolitical environment, as well as from an earnings perspective, the tariff implications and the commodity implications that we've spoken to already.

I mean, at the end of the day, we feel confident in terms of delivering our results within the range. And without further input on that, I think you can comfortably assume that we'll end in the mid part of the range. From a top line perspective, our guidance, we did increase our expectations for the year from flat to low-single digits to up-low single digits. We do expect growth on our top-line this year from a total company perspective, driven primarily in our Plumbing space and from a bottom line perspective, we do expect earnings growth and EPS expansion and landing in the \$4.10 to \$4.30 range for the year.

Ketan Mamtora

Analyst, BMO Capital Markets Corp.

Q

Got it. That's helpful, Rick. And just as a follow-up on the capital allocation side, you moved the target higher to \$800 million, is it fair to say that, you see bigger opportunity on sort of the share repurchases side or are you seeing kind of more M&A opportunity as well?

Richard Westenberg

Vice President, Chief Financial Officer & Treasurer, Masco Corp.

A

Yeah. Fair question. As it pertains to the increase in our share repurchase expectations or availability for share purchase or acquisitions. Basically, we saw an opportunity with regards to the strength of our balance sheet. We've got a very healthy gross debt-to-EBITDA ratio or leverage ratio. And our confidence in our performance obviously demonstrated in Q1 and our confidence in our future performance and opportunity to look at increasing the cash available for share repurchases from \$600 million to at least \$800 million. To enable to do that, we entered into, as I mentioned in my opening comments, delayed draw term loan facility to enable that. So it's really going to be opportunistic.

We like the flexibility that that offers, and we like the opportunity in terms of the valuation that we're at today to be able to be opportunistic, and leverage that. And so, we'll keep providing updates as we progress on each quarter. But right now, we do expect an increase in share repurchases from \$600 million to \$800 million plus absent any M&A at this point.

Jonathon J. Nudi

President, Chief Executive Officer & Director, Masco Corp.

A

And just to reiterate, our capital allocation strategy hasn't changed. So we continue to look at M&A and as we've said before, bolt-on M&A is our focus. If we find the right deal, we'll do it. As Rick mentioned, we just felt like this was a great opportunity because we have the ability to go out and borrow a bit more. And we frankly believe that our shares that are value right now, we believe that performing well, and we think we can continue to as we move into the future as well.

Ketan Mamtora

Analyst, BMO Capital Markets Corp.

Q

Perfect. That's very helpful. I'll turn it over. Good luck.

Richard Westenberg

Vice President, Chief Financial Officer & Treasurer, Masco Corp.

A

Thank you.

Jonathon J. Nudi

President, Chief Executive Officer & Director, Masco Corp.

A

Thank you.

Operator: Your next question comes from the line of Mike Dahl with RBC Capital Markets. Please go ahead.

Mike Dahl

Analyst, RBC Capital Markets LLC

Q

Morning. Thanks for taking my questions. I wanted to circle back to some of the costs and margin dynamics that I think the question is, if you look at this being kind of net neutral to less favorable in terms of costs and tariffs and a lot of uncertainty around the second half. I understand that historically, you've had the ability to do things to offset this when you have like broad increases in inputs and global tariffs, it's a little harder to get those savings from shifting footprint, unless I'm wrong about that.

So in your guide, if that is potentially a net negative versus your initial assumption, what is the primary lever that you're relying on to offset that and giving you the confidence that's still guiding margins up in the back half?

Richard Westenberg

Vice President, Chief Financial Officer & Treasurer, Masco Corp.

A

Yeah, Mike, good morning. It's Rick. So your understanding of the playing field is accurate in terms of our read of the fact that commodity and input costs are likely to be a headwind that exceeds the favorability on tariffs. And as I mentioned earlier, it is more of a back half of the 2026 dynamic.

In terms of the levers that we're looking at, it's really the same levers that we've been executing against already. So footprint, in terms of sourcing footprint is still a lever that we're pulling. And that is really on track in terms of helping to mitigate the tariff impacts that we still are encountering. But it's also cost reduction. We've really executed well in terms of our cost savings initiatives.

And of course, the restructuring that we announced in our February call, and Jon alluded to earlier in his opening comments, that is really taking a hold. And so that is amplifying our cost savings initiatives. And we're streamlining the business, reducing head count and optimizing operations. And so that's a huge lever for us. And we're going to continue to do that. And then pricing, obviously we've been really effective at our execution on pricing.

And although much of the pricing actions that we've been pursuing are implemented. There's still a lever that we're looking at selectively as we proceed during the course of the year. So I would say, overall, Mike, the levers remain the same. And we're going to continue to execute like we've done in the past. And we believe that the mitigation actions that we are executing and we intend to execute through the course of the year will be sufficient to allow us to mitigate the headwinds and allow us to deliver results [ph] compliant (00:37:30) within the guidance range that we provided.

Mike Dahl

Analyst, RBC Capital Markets LLC

Q

Okay. Great. Thanks for that, Rick. That's helpful. Then shifting gears and back to the, I guess, part of this might tie back to the capital allocation. I did note that in your Q, you have a little bit of commentary about the potential to seek relief or refunds from previously paid tariffs, but that nothing has currently been done or contemplated. What can you articulate about your strategy in terms of seeking refunds, and does that tie in at all to kind of the expanded buyback guide, where if you do get some refunds, your inclination would be to return that back to shareholders or how would you frame that?

Jonathon J. Nudi

President, Chief Executive Officer & Director, Masco Corp.

A

Hey Mike, this is Jon. I would say we think the refund process still has a lot of uncertainty in it until if and when we get refunds, we'll obviously report what they might be and how we might handle them. But we are not banking on refunds. And it didn't really play any kind of role in our decision to take on the incremental debt that we talked about. So again we're taking the steps necessary to protect our shareholders. And at the same time, it's still highly uncertain. So we have something to report. We'll certainly do that.

Mike Dahl

Analyst, RBC Capital Markets LLC

Q

Understood. Thanks, Jon.

Jonathon J. Nudi

President, Chief Executive Officer & Director, Masco Corp.

A

Thank you.

Operator: Your next question comes from the line of Trevor Allinson with Wolfe Research. Please go ahead.

Trevor Allinson

Analyst, Wolfe Research LLC

Q

Hi. Good morning. Thank you for taking my questions. I wanted to follow up on the restructuring actions. I think last quarter you guys have talked about those being bigger impacts to 2027 and 2028, but it sounds like you're seeing those come through this year as well and providing nice tailwinds. So can you size for us, what sort of benefit you're getting from the restructuring actions here in 2026. And then how much larger does that become as you move into 2027 and 2028?

Richard Westenberg

Vice President, Chief Financial Officer & Treasurer, Masco Corp.

A

Yeah, Trevor, good morning, it's Rick. So with regards to the restructuring actions, we're really pleased with the execution both the – the true execution and the timing of our restructuring actions is we disclosed we incurred about \$8 million in Q1. We had incurred several million dollars in Q4 of last year and we expect \$50 million of restructuring costs for the calendar year. And those are on track.

And so we're starting to see those savings. We haven't quantified, nor do we intend to quantify the savings per se, because part of the savings are going to be redeployed in terms of growth initiatives as well as helping us to expand our margins. And that's a contributing factor to our margin expansion this year. You're absolutely right. The restructuring actions are going to be executed over the course of 2026. And so we'll see more of a full-year benefit as we move into 2027 into 2028. But we're going to be managing those cost savings and leveraging those, as I mentioned, to drive growth as well as managing our margin expansion.

Trevor Allinson

Analyst, Wolfe Research LLC

Q

Okay, thanks for that, Rick. And then second question maybe is related to that then. I mean, you guys have made some changes in your incentive comp structure recently. It looks like you're going to be more focused on growth than you had been in the past. Can you talk about that change, why you made the adjustment, and does that imply some shifting priorities for you guys in terms of growth moving forward?

Jonathon J. Nudi

President, Chief Executive Officer & Director, Masco Corp.

A

Yeah, Trevor. This is Jon. Maybe I'll jump in. So as I joined Masco last summer, it was clear to me, Masco was a high performing company. As I [ph] wandered to (00:41:05) the listening tour and talked to a lot of key constituents. The one thing I heard is that there is likely an opportunity for us to drive our topline a bit faster. Don't take the focus off of margins. Don't take the focus off of cash flow. The company has done a great job on that.

But if you can continue to deliver the bottom line and grow a little bit faster is probably a benefit to everyone. So we've been focused on doing just that. We're taking actions across the board, including the structuring of our Executive Committee to bring some external expertise in in areas that we believe that we can benefit, see some additional savings. We're setting up centers of excellence around things like digital marketing and e-commerce, commercial excellence, all in the pursuit of helping to not only grow the bottom line, but also grow our top line a bit more quickly.

And then certainly, incentive is important. So we did make a change to – change the weights in terms of how we incent our teams. And I would say profits still the largest percentage of the pie.

We just balanced it out a little bit to make sure that we have the appropriate focus on top line as well. So I'm really pleased with the progress we're making. I'm pleased that we're able to grow the way we did in Q1. And again, our goal over time is to be able to do that consistently.

Trevor Allinson

Analyst, Wolfe Research LLC

Q

Thank you for all the color. Good luck moving forward.

Jonathon J. Nudi

President, Chief Executive Officer & Director, Masco Corp.

A

Thank you.

Richard Westenberg

Vice President, Chief Financial Officer & Treasurer, Masco Corp.

A

Thanks, Trevor.

Operator: Your next question comes from the line of Adam Baumgarten with Vertical Research Partners. Please go ahead.

Adam Baumgarten

Analyst, Vertical Research Partners LLC

Q

Hey everyone. Good morning. Nice quarter. I guess just on the margin piece, you talked about first half margins now being flattish year-over-year, which would still imply some margin pressure in 2Q. Do you expect both segments to see margin pressure next quarter?

Richard Westenberg

Vice President, Chief Financial Officer & Treasurer, Masco Corp.

A

Hey, Adam. Good morning. It's Rick. So in terms of our margin expectations, you're right. In terms of our updated guide for the first half of the year is flat margins. And given the fact that we had expanded margins in Q1, it does

imply a margin contraction in Q2. I would just remind you that Q2 of 2025, so last year's quarter, we really weren't impacted by tariffs quite significantly at that point in time.

And we had a very strong quarter with regards to 20% margin. So it's a challenging quarter from a year-over-year perspective. We do expect a very solid quarter in Q2 from a margin contraction perspective. I'm not going to comment on the segments per se, but overall we do expect some margin contraction. But we do expect to deliver a very strong quarter in Q2.

Adam Baumgarten

Analyst, Vertical Research Partners LLC

Q

Okay. Got it. Thanks. And then I think you guys alluded to maybe some incremental price actions. A couple of questions. Would that be in both segments and would that – or happen if kind of commodity costs stay where they are today. Or would you need to see more commodity inflation to then think about raising prices further?

Jonathon J. Nudi

President, Chief Executive Officer & Director, Masco Corp.

A

Hi Adam, it's Jon. I guess I would say we're not going to talk about prospective price advances. I just would probably tell you to look at history here, the recent history in terms of how we've approached things. And pricing is the last resort for us. We start with negotiating with our suppliers, changing our footprint.

We're possible taking costs out of our own system. But if the need is there, I think our team is a proven, they can take pricing very effectively and efficiently and do in a way that benefits not only the bottom line, but doesn't harm the top line as well. So we'll continue to monitor things. Again as we talked before, I'd say the one surprise for us, so far this year has been the impacts on petrochemicals and particularly on our Decorative Architectural business.

So that's an area that we have a lot of focus. We're spending a lot of time with our suppliers to negotiate the best deals we can. And then ultimately we'll work with our retail partner in terms of how we approach that looking forward. But just know that we've had good practice over the last few years, given all the dynamic environment and feel really confident the team can navigate as we move forward.

Adam Baumgarten

Analyst, Vertical Research Partners LLC

Q

Okay. Great. Thanks. Best of luck.

Jonathon J. Nudi

President, Chief Executive Officer & Director, Masco Corp.

A

Thanks, Adam.

Operator: Your next question comes from the line of Phil Ng with Jefferies. Please go ahead.

Philip Ng

Analyst, Jefferies LLC

Q

Hey, guys. Congrats on a really impressive quarter. I guess to kind of kick things off, Jon. I mean I think volumes for Plumbing came in, as you pointed out, better than you expected. Is that a more resilient consumer, maybe better price elasticity? Can you tease out if there's any share gains of [ph] any of (00:45:40) that drove some of

that? Help us kind of think through where I guess Plumbing would have surprised. And it sounds like it's been pretty resilient thus far?

Jonathon J. Nudi

President, Chief Executive Officer & Director, Masco Corp.

A

Yeah. Phil, good morning. Yeah, I mean we're really pleased with Plumbing. As I mentioned, it's globally, we grew, which is great. I would say again versus expectations, it was really North America that we saw the beat. And as I mentioned, the vast majority of that beat versus our expectation was volume. And I would say our Delta team is firing on all cylinders right now. They've got a great marketing plan for the year. They've got terrific new products that they've launched. Our vitality rate continues to increase year-over-year.

Our commercial plans with our key customers are incredibly strong as well. So that team continues to perform. And then when you break it down across channels, we grew high-single digits in North America across each of the channels of wholesale and e-commerce and retail and that's tricky to do. And the team is hyper focused on building strong plans at each of our customers. So we do feel like we're taking some share.

And at the same time, I think executed pricing in a really effective way that we didn't see the elasticity maybe that we would have modeled out beforehand. And I think it's again a testament to strong execution. So the last thing I would add is we continue to see strength in our upper premium and luxury segment of the market, where we have brands such as Brizo and Axor and Newport Brass and the high end consumer definitely seems to be hanging in there strong and we see really strong margins in that segment as well.

So feel great about the performance and feel good about the plans we have in place for the rest of the year as well.

Philip Ng

Analyst, Jefferies LLC

Q

Got you. And just kind of teasing off that, I guess, for Plumbing for perhaps, Rick. You guys kept your guidance for up low-single digit top line growth and it sounds like there was nothing of note for 1Q and volumes were up. It sounds like things are pretty resilient. Could that be a source of upside or are you kind of expecting volumes to kind of decline in the back half, perhaps just given some of the macro dynamics that is out there? Just want to kind of think through some of the puts and takes there on the demand side?

Richard Westenberg

Vice President, Chief Financial Officer & Treasurer, Masco Corp.

A

Yeah, sure. Phil, as it pertains to – as Jon mentioned and we talked before. Q1 was a really strong quarter. We're very pleased with our results in the consumer in terms of our business is holding in there. The uncertainty is something that we're continuing to track both on the macro and geopolitical. Consumer confidence is a bit challenged, but as it pertains to the fundamentals of our business, they're strong.

The only thing I would point to from the first half versus the second half perspective is we started to take pricing from a tariff mitigation standpoint in the second half of 2025, and so we'll lap that as we get to the middle of the year, as evidenced by our Q1 pricing of 6% in Q1. We won't see that type of year-over-year comp in the second half of the year. So that's part of the dynamic just mechanically. But we still feel pretty confident. And obviously we're hopeful that there is upside relative to our expectations. But at this point, we're guiding at low-single digit in terms of growth for the year.

Philip Ng

Analyst, Jefferies LLC

Okay. Thank you. Really appreciate the color guys.

Q

Richard Westenberg

Vice President, Chief Financial Officer & Treasurer, Masco Corp.

Thanks, Phil.

A

Jonathon J. Nudi

President, Chief Executive Officer & Director, Masco Corp.

Thanks, Phil.

A

Operator: Your next question comes from the line of Michael Rehaut with JPMorgan. Please go ahead.

Michael Rehaut

Analyst, JPMorgan Securities LLC

Hi thanks. Good morning, everyone. Thanks for taking my questions. Wanted to shift the focus to Decorative and the sales were flat, still better than what we were looking for down low-single digits. Was hoping to get a sense of DIY versus PRO and the different drivers there and where things might be if it's indeed the case maybe coming in a little stronger if you're seeing any momentum similar to what you've seen in Plumbing and how you might contrast, the sales momentum that you've seen in Plumbing versus what you're seeing in Decorative across, again, DIY versus PRO on the paint side?

Q

Jonathon J. Nudi

President, Chief Executive Officer & Director, Masco Corp.

Hi, Mike. Good question, it's Jon. So our sales for the quarter were flat. Clearly that was a better performance than what we saw in Q4 of 2025. And really, most of 2025. When you break it down, we saw PRO continue to grow mid-single digits, DIY was down low-single digits. And we feel good about the plans we have in place. I mean I do believe that DIY is going to remain pressured when you look at that business.

A

It's highly correlated with existing home sales, and obviously existing home sales remain pressured. So as a result, we're pretty strong plans in place. We're going to focus on the great quality that provide the best value in the industry. Really make sure that that's playing through and feel good about our plans with our retail partner. The PRO side is where we continue to see a tremendous amount of opportunity.

I mean that's where the growth has been over the last longer time. We have a relatively small share in that space as well. We've grown our share by 200 basis points over the last few years. We're continuing to invest and take friction out of the experience for PRO. So whether that'd be order online, pick-up at the store. Order online have it delivered to the job site. We continue to hire both inside and outside sales reps to develop those PRO relationships. And I can tell you that, The Home Depot has that same exact laser focus on the PRO as well. So I think we hope to see incremental progress as we move throughout the year. It will remain a tough DIY market, we believe, for the short term, but feel really good about the plans we have in place and the trajectory that we're heading on.

Michael Rehaut

Analyst, JPMorgan Securities LLC

Q

Great. No, that's helpful. And I know at the risk of beating this one to death a little bit, but I think it's a going to be a big topic over the next month or two around the strength in Plumbing, particularly the volume side. And you just highlighted the fact that you've seen that strength across different channels in North America. A lot of success from your execution. Notwithstanding, maybe being a little more conservative in the back half of various reasons and I presume you also hit on this at your Analyst Day next month. But are we to think about, let's say, the share gains that you've been able to achieve in the first quarter as sustainable?

And are there parts of the market that maybe you see an opportunity where this share gain dynamic can persist throughout this year and into 2027, 2028. Just trying to get a sense of the sustainability and the performance. And if there's anything that's shifted within the market either on the customer side or some of your competitors out there that lead you to believe that the share gain dynamic can persist, let's say, on a medium-term basis?

Jonathon J. Nudi

President, Chief Executive Officer & Director, Masco Corp.

A

Yeah. Mike, good question. I mean as I mentioned, we feel terrific about what our team has delivered in Q1, particularly in North America. We don't take anything for granted. Our competitors are strong. There's good brands out there. And it's a dynamic environment. So we're going to keep playing our game, keep focus on building our brands, innovating and then executing at a high level. And if we do that, we believe that we'll continue to be strong as we move forward.

As I mentioned earlier. I mean, the big question mark for us is just what happens with the end consumer. And a couple of months ago, we clearly talked about it being uncertain times and a lot of dynamic environment. And obviously since the conflict in the Middle East, it's taken it to a whole new level. So we believe that we're just being prudent in terms of, hey, let's wait and see what happens and how it plays out with consumers.

And as we mentioned before, we are starting to see some inflation through. So if there's any caution, it's just that, and certainly these are very uncertain times that we'll continue to monitor in terms of what we can control. I feel great about what our teams are doing. I feel – we have a very clear line of sight into our plans for the rest of the year, and I expect our performance to be strong certainly versus the category. And ultimately it's the category how that performs with all this uncertainty is the thing that we're watching.

Michael Rehaut

Analyst, JPMorgan Securities LLC

Q

Great, thanks. Best of luck.

Jonathon J. Nudi

President, Chief Executive Officer & Director, Masco Corp.

A

Thanks, Mike.

Operator: Your next question comes from the line of Anthony Pettinari with Citi. Please go ahead.

Anthony James Pettinari

Analyst, Citigroup Global Markets, Inc.

Q

Good morning.

Richard Westenberg

Vice President, Chief Financial Officer & Treasurer, Masco Corp.

Good morning, Anthony.

A

Anthony James Pettinari

Analyst, Citigroup Global Markets, Inc.

Hey, just following up on Plumbing. Can you give any additional color on the growth you saw in Watkins and the opportunity or the TAM there? I think you flagged Delta and Watkins as your strongest growers. Is Watkins growing maybe similar to Delta or is it growing faster off a lower base? Is there any product set or brand within Watkins that's really driving the strength?

Q

Jonathon J. Nudi

President, Chief Executive Officer & Director, Masco Corp.

Anthony, it's Jon. We feel as we talked great about Watkins and the opportunity. Watkins did grow in Q1. And we're going to get into a lot more detail at our Investor Day next month in New York City. So we'll walk you through the TAM, we'll walk you through the opportunities that we see. What I would tell you is that hot tubs are our biggest business, and we like the momentum or the share leader in that space across North America.

A

Where we're seeing outsized growth, is really in sauna, which only has 1% household penetration in the US today. It's very much front and center in the wellness movement, and we're seeing just a lot of demand for that product. So we grew nicely from a Watkins standpoint in Q1. We'll give you a lot more details next month when we get together.

Anthony James Pettinari

Analyst, Citigroup Global Markets, Inc.

Great, great. And then I guess, given the rise in diesel and gas prices, I'm wondering if you've historically seen a real sensitivity between gasoline prices and consumer spending for your products. I guess I'm thinking specifically about DIY paint and maybe some of the smaller ticket items. It seems like you haven't seen that so far, but I'm just wondering if that's something historically that's moved the business.

Q

Richard Westenberg

Vice President, Chief Financial Officer & Treasurer, Masco Corp.

Yeah. Anthony, it's Rick. So it's tough to single out a particular driver. I think what we watch, generally speaking, is consumer sentiment as well as overall the health of the economy. And so higher oil prices, as we all recognize, is generally a headwind to consumer confidence, is generally headwind to disposable income. So it's a headwind in terms of input costs. So those are things that we're monitoring closely. And that's one of the reasons that gives us caution and why we're prudent with regards to our expectations as we move out through the course of the year.

A

Again, the fundamentals of the business, as Jon articulated, are really strong. We're pleased with the execution of what we've been doing here at Masco and across our business units. Oil prices is something that is a headwind, but it's more about how it manifests itself in terms of consumer confidence, et cetera. For us, in terms of our products, they tend to be lower ticket R&R items, so they tend to be more resilient in these types of environments.

But nonetheless, we're not immune to it. But it's something that we'll continue to monitor and track as we progress over the course of the year.

Anthony James Pettinari

Analyst, Citigroup Global Markets, Inc.



Great. That's very helpful. I'll turn it over.

Operator: Your next question comes from the line of Susan Maklari with Goldman Sachs. Please go ahead.

Susan Maklari

Analyst, Goldman Sachs & Co. LLC



Thank you. Good morning, everyone. Thanks for taking the questions. I want to talk about the longer-term growth path, but the changes in leadership that you announced this week. You now have the heads of those four key businesses reporting directly to you, Jon. Can you talk about what that means in terms of your ability to drive growth over time, and how the executive committee is focused on some of these items and what that will mean for Masco?

Jonathon J. Nudi

President, Chief Executive Officer & Director, Masco Corp.



Yeah, Sue, great question. As I mentioned before, as I came in to Masco, I heard that the top line growth was something that probably was an opportunity, something for us to focus on. And then as I took a step deeper in terms of feedback, the other thing I heard is just our ability to move with pace and be agile as probably the other area to focus on. So with the Executive Committee, we're trying to do two things. One, make sure that we have the right experts in terms of our centers of excellence and deep functional knowledge where it matters.

We announced just earlier this week that we're bringing in a Chief Procurement Officer who has 30 years of experience in the space, and will be able to help us bring the most modern capabilities as we move forward, which we feel great about. And also with the Executive Committee, we're really trying to streamline the organization to have more frequent communication allow us to make decisions more quickly and move with pace.

So with the new organization, essentially have removed a layer. And with that, we think that our speed and agility will increase even more. We talk as an executive committee. We meet once a week. I can tell you, I talk to my direct reports many more times than that. And I think with the world around us and the pace that we're seeing, it's really important that we have the organization that's set up to read and respond and deliver to consumers and customers what they expect from us.

Susan Maklari

Analyst, Goldman Sachs & Co. LLC



Okay. That's great color. And then despite the moving parts around inventories and costs, you're still targeting to get that working capital down to about 16.5% to sales this year. Can you just talk through some of the pieces in there and how we should think about that coming together?

Richard Westenberg

Vice President, Chief Financial Officer & Treasurer, Masco Corp.



Sure Sue, it's Rick. So part of the reason our working capital is higher than it typically is this time of year, or has been for the last several months, is because of the implications of tariffs. So the higher tariff costs and commodity costs, quite frankly, that bleed into our inventory and receivables, have elevated our working capital and the shorter payment terms on the tariff bills or invoices also reduces our payable. So there's an overarching tariff

dynamic that has been at play. We'll see that normalize as we get into the second half of the year. And we continue to be, the team is very focused on managing not only costs but also working capital.

And so that's something that we're continuing to execute on. And once we get through the normalization of the tariff implications the second half of the year, we should be able to execute towards a working capital that's more in line with our historical average. And we've guided towards 16.5%.

Susan Maklari

Analyst, Goldman Sachs & Co. LLC

Q

Okay. Thank you. Good luck with the quarter.

Jonathon J. Nudi

President, Chief Executive Officer & Director, Masco Corp.

A

Great. Thanks, Sue.

Operator: And your last question comes from Rafe Jadrosich with Bank of America. Please go ahead.

Rafe Jadrosich

Analyst, BofA Securities, Inc.

Q

Hi. Good morning. Thanks for taking my questions. The outperformance in Plumbing volume in the first quarter in North America, how much would you attribute to just broader consumer resilience and the category holding up relative to your market share outperforming what you were expecting going into the quarter?

Jonathon J. Nudi

President, Chief Executive Officer & Director, Masco Corp.

A

Again, I'm not sure we'll quantify it to the level of detail you're looking for. I mean I think the category performed fairly well. I am very confident we also took the market share. As I mentioned, I believe that we're firing on all cylinders right now. And really strong plans in place across each of our channels, each of our customers. So just leave it at is probably a bit of both, but if I had to say which one was the bigger driver, I would say probably our market share gains are bigger.

Rafe Jadrosich

Analyst, BofA Securities, Inc.

Q

Great. That's helpful. And then in terms of the input cost inflation what you're expecting, can you talk about what your copper price is embedded in guidance for the second half of the year, or should we be assuming that, copper prices and zinc like stay where they are today? So just what are you assuming to get to the full-year guidance?

Richard Westenberg

Vice President, Chief Financial Officer & Treasurer, Masco Corp.

A

Yeah, sure, Rafe. It's Rick. We're not going to disclose the specific assumption in our outlook. But suffice it to say, I would assume that where we have been recently, particularly as we closed out 2025, is a pretty reasonable place to be. Obviously, it's volatile in that nature. I mean, I think as we sit at \$6 or above \$6 per pound, that is something that represents a bit of a headwind to us, but it's a volatile environment.

And at the end of the day, as I mentioned before, we're not only monitoring the situation, but we're proactively taking actions from a cost reduction standpoint, from an efficiency standpoint, and as necessary, a pricing

standpoint to mitigate those impacts, whether they're copper, oil inputs, tariffs, et cetera to be able to deliver the results that we've guided to for the year.

Rafe Jadrosich

Analyst, BofA Securities, Inc.

Q

That's really helpful. Thank you.

Jonathon J. Nudi

President, Chief Executive Officer & Director, Masco Corp.

A

Thank you.

Operator: This concludes the question-and-answer session. I will now turn the call back to Robin Zondervan for closing remarks.

Robin L. Zondervan

Vice President, Chief Accounting Officer and Investor Relations/FP&A, Masco Corp.

We'd like to thank all of you for joining us on the call this morning, and for your interest in Masco. That concludes today's call. Have a wonderful day.

Operator: This concludes today's conference call. Thank you all for joining. You may now disconnect.

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