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Masco Corp. (MAS)

Q4 2025 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning, ladies and gentlemen. Welcome to Masco Corporation's Fourth Quarter and Full-year 2025 Conference Call. My name is Danny, 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]

I will now turn the call over to Robin Zondervan, Vice President, Investor Relations and FP&A. 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 2025 fourth quarter and full-year conference call. With me today are Jon Nudi, President and CEO of Masco; and Rick Westenberg, Masco's Vice President and Chief Financial Officer.

Our fourth 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 our 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 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. Please turn to slide 5. I want to start today by highlighting some of our key accomplishments from 2025, which we achieved while navigating a dynamic and challenging environment. Following that, I'll turn to our financial results for 2025 and share our expectations for 2026.

Starting with our Plumbing Products segment, we continue to demonstrate our market leadership, even as we work to mitigate the impact of higher tariff costs. Delta Faucet was awarded The Home Depot Kitchen and Bath Partner of the Year. This award recognizes the strength of our brand, customer service and innovation. [ph] Delta (00:02:48) also continue to achieve notable market share gains in the e-commerce channel driven by our industry-leading capabilities that deliver solutions for consumers.

At Hansgrohe, we continue to be a global leader, gaining additional market share through premium products with industry-leading designs. Hansgrohe also continues to demonstrate leadership and commitment to sustainability. Having recently received multiple awards for corporate strategy and production initiatives of the German Sustainability Projects 2025 award ceremony.

At Watkins Wellness, our integration of Sauna360 into our existing dealer network has generated double-digit sales growth in a market with ongoing opportunities for increased household penetration. We also introduced our cold plunge products, further expanding our presence in the consumer wellness market.

In our Decorative Architectural segment, the strength of our brands continue to resonate with our customers. Behr was once again rated number one in interior paint. Number one in exterior paint and number one in [ph] exterior stain (00:03:45) in a third-party study, demonstrating the exceptional quality and strength of our leading Behr brand.

Our continued strategic alignment and partnership with The Home Depot led to our recognition as supplier of the year for the paint department in the United States and Canada, and interconnected partner of the year in Mexico. Our annual PRO sales are approximately \$950 million, and our share of the PRO paint market has grown over 200 basis points since 2019, we've continued building capabilities to enhance the buying experience for our PRO customers, including expanded delivery options, loyalty programs and a growing sales force, which allow us to further capitalize on the sizable growth opportunity in the PRO paint market.

I want to thank all of our employees for their resilience, commitment and leadership, which made these accomplishments possible.

Now on to our results. Please turn to slide 6. Beginning with our fourth quarter results overall were largely in line with our expectations as we continue to navigate a dynamic geopolitical and macroeconomic environment. Net sales decreased 2% or 3% in local currency, primarily due to lower volumes. Operating profit was \$259 million, and operating profit margin was 14.4%, earnings per share for the quarter was \$0.82 per share.

Turning to our segments. Plumbing Product sales increased 3% in local currency. North American sales increased 4%, driven by favorable pricing. Delta Faucet again delivered strong performance, particularly in the trade and e-commerce channels. International Plumbing sales increased 1% in local currency, driven by Germany, partially offset by the weaker market in China. Operating profit for the segment was \$204 million. Operating margin was 16.3% and included the impact of higher tariff and commodity costs.

Now turning to our Decorative Architectural segment, sales decreased 15% in the quarter. Overall paint sales decreased double digits due to lower volume, including the impact on the favorable inventory timing in Q4 of 2024 and the impact related to the customer transition of our primer and applicator business in Q4 2025. Excluding these impacts, overall paint sales decreased mid-single digits. DIY paint sales decreased high-single-digits and PRO paint sales grew low-single-digits. Operating profit for the segment was \$76 million and operating margin was 13.9%.

Please turn to slide 7 as we review our full-year performance. Despite a dynamic geopolitical and macroeconomic environment for most of the year, we delivered solid profitability and remained disciplined on capital allocation. Net sales decreased 3% or 2% excluding the impacts of currency and the divestiture of Kichler. Operating profit was \$1.3 billion, and operating profit margin was 16.8%. Earnings per share for the year was \$3.96 per share. We delivered a return-on-invested capital of 41%. Our strong cash flow allowed us to return \$832 million to shareholders through dividends and share repurchases.

Near the end of 2025, we began taking decisive actions to further position our business for long-term value creation. We established an executive committee with dual corporate and business unit representation to fully

leverage our enterprise strengths, which will enable us to continue to deliver strong execution and accelerated growth moving forward.

We also began implementing various restructuring actions to a greater extent than in the past to further streamline our business, reduce head count and optimize operations. We incurred approximately \$18 million in charges related to these actions in the fourth quarter of 2025, and we expect to incur approximately \$50 million in additional charges in 2026. We anticipate the savings generated from these actions will fund additional growth initiatives to contribute to future margin expansion.

As we move into 2026, we're announcing the integration of Liberty Hardware into Delta Faucet Company, with over half the Liberty sales branded Delta and a complementary product portfolio, this realignment enhances our consumer-driven strategy to leverage our brands, capabilities and scale across our organization. As a result of this integration, Liberty Hardware, which was previously reported in the Decorative Architectural Products segment will be reported within our Plumbing Products segment moving forward.

Turning to our expectations for 2026. We believe sales across the global repair and remodel markets will be roughly flat. This includes an expectation that both our North American and international markets in aggregate will also be roughly flat. Our expectation for our own sales in 2026 is to be flat to up low-single-digits. This estimate includes our expectation that we will continue to outperform the market in 2026.

We expect margin expansion in 2026 driven by continued mitigation of higher tariff and commodity costs, cost savings resulting from restructuring actions and ongoing operational efficiencies across our business. We expect Plumbing margins inclusive of the Liberty Hardware business integration to be approximately 18% and decorative margins to be approximately 19%, resulting in a Masco operating margin of approximately 17%.

Turning to capital allocation. Our strategy remains consistent. First, we invest in our business to accelerate growth and market share gains. Second, maintain a strong investment-grade balance sheet. Third, target a 30% dividend payout ratio; and fourth, deploy our remaining available free cash flow, which we expect to be approximately \$600 million in 2026 toward share repurchases or value-accretive acquisitions.

I am pleased to share that our board approved a 3% increase to our dividend for 2026, raising our annual dividend to \$1.28 per share and marking our 13th consecutive annual dividend increase. Additionally, our board authorized a new \$2 billion share repurchase program, underscoring Masco's resilient business model, a strong financial position and the board's confidence in our future performance.

Our M&A strategy remains consistent. We continue to selectively pursue opportunities with a strong strategic fit and attractive returns, focusing on bolt-on acquisitions with our Plumbing, wellness and coatings businesses. Based on our expected operating performance and capital deployment strategy, we anticipate earnings per share for 2026 to be in the range of \$4.10 to \$4.30 per share. While the housing market remains pressured in the near term, we are confident that the fundamental supporting mid- to long-term home improvement demand are quite strong.

US homeowner equity levels are at a record high, up more than 80% since 2019, providing greater capacity for home renovation projects. Homes continue to age with more than 55% of US homes now over 40-years old, an age that typically requires an elevated repair and remodel spending. Additionally, a large cohort of homes built in the early 2000s is now entering the [ph] prime remodeling (00:10:52) age of 20 to 40 years.

Significant pent-up demand for larger renovation projects continues to build as consumer sentiment improves, interest rates decline and existing home turnover increases, we expect this pent-up demand to become a tailwind for our business. With these strong fundamentals and the actions we are taking to optimize the business, we believe we are well positioned to deliver above-market top and bottom-line growth. We plan to achieve this through our consumer-driven strategy that leverage our industry-leading brands, expanded commercial capabilities and enhanced operational excellence.

We look forward to discussing this strategy and our long-term goals in greater detail at our upcoming Investor Day on Wednesday, May 13 in New York City. Please save the date, and we look forward to seeing you there.

Now, I'll turn the call over to Rick to go over our fourth quarter and full-year 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 9, sales in the fourth quarter decreased 2% or 3%, excluding the favorable impact of currency. In local currency, North American sales decreased 5%, and international sales increased 1%. Gross margin was 33.7% in the quarter. SG&A in the quarter was 19.3% and in dollars was in line with the prior year. Operating profit was \$259 million in the quarter, and our margin was 14.4%. Operating profit was impacted by lower volume and higher tariff and commodity costs, partially offset by pricing actions and cost savings initiatives. Our EPS was \$0.82 per share in the quarter.

Turning to the full-year 2025, sales decreased 3% over the prior year or 2% excluding the impact of our divestiture and favorable currency. Our divestiture of Kichler in the third quarter of 2024, resulted in a decrease in sales of 2% year-over-year for the full-year 2025, while currency represented a 1% increase in sales. In local currency, North American sales decreased 5% or 2%, excluding our divestiture and international sales increased 1%.

Gross margin was 35.5% and was impacted by higher tariff and commodity costs. SG&A as a percent of sales was in line with the prior year at 18.7%. Operating profit was approximately \$1.3 billion, and operating margin was 16.8%. Lastly, our EPS for the full-year was \$3.96 per share.

Turning to slide 10, Plumbing sales increased 5% in the fourth quarter or 3% excluding the favorable impact of currency. This growth was largely driven by pricing, which increased sales by 5%, partially offset by lower volume. In local currency, North American Plumbing sales increased 4% in the quarter. This performance was primarily driven by solid growth in our Delta Faucet and Watkins Wellness 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 the ongoing challenging market dynamics in China. Segment operating profit in the fourth quarter increased 2% to \$204 million and operating margin was 16.3%. Operating profit was driven by cost savings initiatives and pricing actions, partially offset by higher tariff and commodity costs and lower volume.

Turning to the full-year 2025, Plumbing sales increased 3% or 2%, excluding the favorable impact of currency. Favorable pricing contributed 3%, partially offset by lower volume, which decreased sales by 1%. In local

currency, North American Plumbing sales increased 3% and international Plumbing sales increased 1%. Full-year operating profit was \$904 million, and operating margin was 18.1%.

Turning to slide 11, Decorative Architectural sales decreased 15% in the fourth quarter. In the quarter, total paint sales decreased double-digits due to lower volume. Volume was impacted by the favorable inventory timing in Q4 of 2024 as well as the impact related to the customer transition of our primer and applicator business in Q4 2025.

Excluding these impacts, overall paint sales decreased mid-single digits with PRO paint sales growing low-single-digits, and DIY paint sales decreasing high-single-digits, in line with our full-year performance. Operating profit in the fourth quarter was \$76 million, primarily impacted by lower volume and significantly higher tariff and glass antidumping duty costs at our Liberty Hardware business, partially offset by cost savings initiatives.

We continue to take proactive actions to mitigate the impact of tariffs and duties and have announced the integration of the Liberty business into Delta Faucet Company. We believe this integration will provide a significant opportunity to further optimize the operations and improve the profitability of Liberty as we leverage the capabilities and scale of the combined business. Operating profit margin was 13.9% in the segment.

Turning to the full-year 2025, sales decreased 14%, driven by our Kichler divestiture and lower volume, which decreased sales by 6% and 8%, respectively. Excluding the impact of the prior-year inventory timing benefit, PRO paint sales were up low-single-digits and DIY paint sales were down high-single-digits for the year. Full-year operating profit was \$457 million, and operating margin was 17.8%.

Turning to slide 12, our balance sheet remains strong with gross debt-to-EBITDA at 2.1 times at year-end. We ended the year with \$1.6 billion of liquidity, including cash and availability under our revolving credit facility. Working capital was 16.7% of sales at quarter end. Working capital was impacted by tariff-related dynamics, including higher material costs and pricing, which resulted in increased working capital balances in 2025. We anticipate working capital as a percent of sales will be approximately 16.5% in 2026.

Our free cash flow for the year was over \$850 million, a bit stronger than anticipated driven by disciplined cost and working capital management, achieving free cash flow conversion of nearly 100%. Given our strong cash performance, we were able to return \$832 million to shareholders through dividends and share repurchases, including the repurchase of \$217 million in stock in the fourth quarter and a repurchase of \$571 million for the full-year.

Now, let's turn to slide 13 and review our outlook for 2026. The guidance that is being provided today reflects the integration of Liberty Hardware into Delta Faucet Company. Therefore, Liberty's results will now be included in the Plumbing Products segment versus previously being included in the Decorative Architectural segment. For comparison purposes, we have recast our segments in 2025 by quarter to reflect this change. This information can be found in the appendix of our earnings deck on our website.

Our guidance also includes the impact of currently enacted tariffs in effect in February, inclusive of the 10% reduction in China tariffs that went into effect after our third quarter earnings call. As a result of this tariff reduction as well as proactive and ongoing changes to our sourcing footprint, we now estimate that the total annualized cost impact from tariffs to be approximately \$200 million before mitigation, down from an annualized \$270 million as of our third quarter earnings call.

Of the \$200 million annualized cost impact, approximately \$80 million is related to the current 20% China tariffs and the remaining approximately \$120 million is driven by a combination of the various tariffs on countries other

than China, the 50% tariffs on steel, aluminum and copper and the glass antidumping duties. We anticipate the full \$200 million will impact 2026. This is up from the in-year impact in 2025 of approximately \$150 million, largely due to the timing of tariffs as they were implemented throughout 2025.

Our teams continue to actively work to further mitigate these costs and recover the cost and margin impact through a combination of levers. These include cost reductions, continued efforts to change our sourcing footprint, and pricing where necessary. We anticipate that these mitigation actions will offset the direct cost impact of the currently enacted tariffs in 2026.

To provide an update on our China exposure, in 2026, we expect to import approximately \$400 million from China that is subject to the reciprocal tariffs, down from our 2025 exposure of \$450 million. Based on our continued efforts, we anticipate that our China exposure will be less than \$300 million as we exit 2026. This represents a greater than 60% reduction from our peak exposure in 2018. From a segment perspective, with the shift of Liberty Hardware into the Plumbing Products segment, nearly all of our tariff exposure and impact reside in this segment.

Now turning to our expected financial performance for 2026. For Masco overall, we expect 2026 sales to be flat to up low-single-digits and operating margin to expand to approximately 17%, up from 16.8% in 2025. Our 2026 sales guide reflects an assumption that the global repair and remodel markets in aggregate will be roughly flat.

As we think about the cadence for the year, excluding the impact of currency, we expect sales to be roughly flat to slightly up in both the first and second half of the year. We expect SG&A as a percent of sales to be in line with 2025 as we continue to invest in our business for future growth while also maintaining cost discipline.

Also, as it relates to operating margins, given the timing of tariff impacts, which largely impacted our results in the second half of last year, we anticipate total Masco margin contraction in the first half of the year, with expansion expected in the second half as we lap the tariff impact and as our mitigation actions continue to take hold.

In our Plumbing segment, we expect 2026 full-year sales to be up low-single-digits. We anticipate the full-year Plumbing margin will be approximately 18%, up from a comparable 2025 margin of 17.6%. Margin expansion will primarily be driven by pricing discipline, operational efficiencies and continued cost savings initiatives.

In our Decorative Architectural segment, we expect 2026 sales to be roughly flat with the prior year. We expect our PRO paint business will increase mid-single digits, and our DIY paint business will decrease mid-single digits. We anticipate the full-year Decorative Architectural margin to be approximately 19%, relatively in line with the comparable 2025 margin of 18.9% with a continued focus on cost savings initiatives.

With regards to capital allocation, we expect to reinvest approximately \$190 million through capital expenditures to pay a dividend of \$1.28 per share, up 3% from our 2025 dividend and to deploy approximately \$600 million towards share repurchases or acquisitions in 2026.

Finally, as Jon mentioned earlier, our 2026 EPS estimate is \$4.10 to \$4.30 per share. This assumes a 202 million average diluted share count for the year and a 24.5% effective tax rate, which is consistent with our 2025 effective tax rate. Additional financial assumptions for 2026 can be found on slide 16 of our earnings deck.

With that, I'd like to open up the call for questions. Operator?

QUESTION AND ANSWER SECTION

Operator: Thank you. We will now begin the question-and-answer session. 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] Your first question comes from Matthew Bouley of Barclays. Please go ahead.

Matthew Bouley
Analyst, Barclays Capital, Inc.

Q

Good morning, everyone. Thank you for taking the questions. Maybe just one common question we're getting from investors now is around commodity inflation and specifically copper. So maybe just a quick question there around how you're embedding that into your guidance for Plumbing margin expansion in 2026 and maybe the sort of timing of that commodity impact? Thank you.

Richard Westenberg

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

A

Sure, Matt. It's Rick. Good morning. So with regards to commodity inflation, is I'm sure you've been seeing, particularly with copper, we saw that really tick up later part of last year and really the first part of this year. We're monitoring very closely. It's obviously a volatile dynamic. With regards to inflation, we saw in our Plumbing segment, mid-single-digit inflation in Q4. So we're seeing some of that pull through and we're expecting mid-single-digit inflation in our guide for Plumbing in the calendar year 2026. So it's something that we've contemplated. Admittedly, it is volatile, and there is risk and upside depending on how things play out.

And as a reminder, with regards to how you think about commodities flowing through to our P&L, it's usually about a 6-month lag in terms of when you see the commodity costs in the market, before it hits our P&L. So that's why you're seeing it kind of later in Q4 in 2025 and in 2026. So that delays. And so to the extent that there is movement one way or the other, you can envision that lag would stay true.

Matthew Bouley
Analyst, Barclays Capital, Inc.

Q

Okay. Perfect. Thank you for that, Rick. Second one, pricing in Plumbing I think I heard you say 5% in the fourth quarter. And correct me if I'm wrong, but I think that would suggest price was probably above that in North America, assuming it was below that level in the international business. And so given that level of price, can you speak a little bit about what you're expecting to kind of flow through in the first half of 2026? Any kind of early reads on your initial January pricing actions in that segment? And if you're expecting that to contribute additional price on top of what you've already got and kind of how that would flow through the first half and second half? Thank you.

Jonathon J. Nudi
President, Chief Executive Officer & Director, Masco Corp.

A

Yeah. Hi, Matt, it's Jon. Maybe I'll start and then turn it over to Rick to get into the flow for 2026. I would say, really pleased with the way that our Plumbing team has handled [indiscernible] (00:26:58), a lot of challenges in 2025, obviously, between tariffs and commodities. They were faced with a lot and really took actions and really used some sophisticated tools to take precise pricing and really across all of our channels. And the good news is we continue to grow share through that time period as we've taken smart pricing. We believe we're well positioned in

the market. And again, I'll let Rick talk a little bit about the flow and how that will happen. But again, really pleased with the way that we're navigating this environment.

Richard Westenberg*Vice President, Chief Financial Officer & Treasurer, Masco Corp.*

Yeah, Matt, with regards to your specific question, you heard correctly that pricing in Plumbing was a 5% benefit in Q4. It's fair to assume that international wasn't as significant. I'll leave it at that.

As it pertains to 2026, we've indicated that we would expect mid-single-digit pricing for Plumbing in the calendar year. From a case perspective, we won't get into the details, but suffice-it-to-say that we started to implement mitigation actions, as Jon alluded to, really as tariffs started to take hold across cost, sourcing, and pricing really mid-year last year. So you can imagine, as we lap that activity in 2026, you'll see some moderation with regards to year-over-year comparison. But for the full-year, you can expect a mid-single-digit pricing benefit.

Matthew Bouley*Analyst, Barclays Capital, Inc.*

Okay. Thank you both. Good luck, guys.

Richard Westenberg*Vice President, Chief Financial Officer & Treasurer, Masco Corp.*

Thanks, Matt.

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

Anthony James Pettinari*Analyst, Citigroup Global Markets, Inc.*

Good morning. Just pivoting from Plumbing to DA. I'm wondering if you could talk about assumptions for price cost in 2026? Any commodity cost trends that you call out and any pricing actions that you can talk about?

Jonathon J. Nudi*President, Chief Executive Officer & Director, Masco Corp.*

Yeah, absolutely. This is Jon. As we look at DAP, we are seeing some upward pressure on cost. As you likely know, we have a unique relationship with our large exclusive big-box retailer and have a price/cost mechanism in place. So I'm not going to comment on prospective pricing or even our conversations with our retail partner. But given the costs that we're seeing, those conversations are beginning. We'll come back at future quarters and let you know where we shake out in that space.

Anthony James Pettinari*Analyst, Citigroup Global Markets, Inc.*

Okay. Okay. And then in terms of DIY, I think you guided down mid-single digits. Are there any kind of big picture thoughts you can share in terms of the volume pressure in that business? And how much of it might just be sort of a secular shift from DIY to Pro, so maybe demand is not being destroyed, it's just being kind of shifted between the channels? Just kind of as you look back at the last 3, 4 years, can you give us some context and how that informs your expectations for 2026?

A**Jonathon J. Nudi***President, Chief Executive Officer & Director, Masco Corp.*

Yeah, absolutely. So this is Jon. No, it's certainly been dynamic for sure. We do know that existing home sales correlate highly with DIY paint and it makes sense when you go to sell a home, you tend to paint it. And when you buy it, you tend to paint it again to put your own mark and style into the home. So as existing home sales were at three or four decade-year lows and then in 2025, it was challenging, and we saw that obviously in the previous years as well.

As we look forward, we know that we have a strong DIY brand, we're one of the share leaders. We have amazing quality at great value. And we think we can actually tell our story better just to make sure that we get our continued growth share in the DIY market. The space that we're very excited about is the PRO market when you look at that segment, it's the biggest single segment Masco competes in. It's over \$10 billion, and it's grown nicely really over the short, medium and long term.

And we have a relatively small share. We have less than [ph] a tenth share (00:30:47), really proud that we gained 200 basis points of share since 2019. But we are squarely focused on growing that at the differential rate. And the good news is The Home Depot, our retail partner, is very squarely focused on the PRO as well. So we're working to take friction out of the experience for the PRO, things like order online and pick up in store which is available now, order online and have it delivered to the job site, which we can do now.

The Home Depot is trialing some trade credit, which we think will make a real difference. And then we continue to increase the number of both outside and inside sales reps we have focused on the PRO. So regardless of where the market goes, we like our ability to play both in DIY, where we're very strong today. And then we think there's a tremendous amount of upside in PRO and we'll continue to invest in that space and again, very aligned with our retail partner and that initiative.

Q**Anthony James Pettinari***Analyst, Citigroup Global Markets, Inc.*

Okay. That's helpful. I'll turn it over.

A**Jonathon J. Nudi***President, Chief Executive Officer & Director, Masco Corp.*

Thank you.

Operator: Next question comes from Stephen Kim of Evercore ISI. Please go ahead.

Q**Stephen Kim***Analyst, Evercore ISI*

Yeah. Thanks a lot, guys. I appreciate all the color so far. I guess in your guide for fiscal 2026. Can you give us a sense for what your expectations are for existing home sales and just anything else relevant coming out of the housing market, specifically in your outlook?

A**Richard Westenberg***Vice President, Chief Financial Officer & Treasurer, Masco Corp.*

Hey, Stephen, good morning. So we've got pretty modest expectations with regards to some of the macro drivers. From an overall R&R perspective, we're assuming both in terms of our – the US market in which we play as well as international, roughly flat, and that's contemplating volume down and pricing up kind of offsetting one another.

From an industry perspective. We – Masco expect to outperform that and be flat-to-slightly up or up low-single-digits. In terms of some of the other macro factors, existing home sales, new home builds, et cetera, pretty modest expectations, nothing significant differently from what we've seen in the last couple of years.

Stephen Kim*Analyst, Evercore ISI*

And if you did see an inflection upwards in existing home sales beyond your expectations, would you be expecting that you would see that more in the – on the pricing side? Or do you anticipate that there would be certain other sort of subcategories that would particularly benefit or see it first?

Richard Westenberg*Vice President, Chief Financial Officer & Treasurer, Masco Corp.*

Yeah, Stephen, that's a tricky one to answer. I think from a standpoint, I think pricing, as we've taken price with regards to mitigating both tariff and commodity costs, that's largely in place. Obviously, we continue to monitor the market. I think from an overall variability standpoint, I would presume volume would be the biggest dynamic, both in terms of upside opportunity in terms of risk.

I mean we look at – I gave you the assumptions with regards to the overall R&R industry. Within that, we look at Plumbing as an opportunity for us, particularly in terms of how we're competing in the market. In Q4, for example, we gained sales in both – across the e-commerce trade and retail channel. So we're seeing really good momentum in that regard, and we're going to continue to drive our performance kind of relative to the market overall.

Jonathon J. Nudi*President, Chief Executive Officer & Director, Masco Corp.*

Yeah. Stephen, I might just add that, obviously, existing home sales are important. I mentioned how important that is to our paint business. Beyond that though, we are 90% repair and remodel. And I think big picture, I believe that there's a lot of opportunity once the market frees up. And you look at – I mentioned in the prepared remarks that home equity levels are at record highs, up 80% since 2019. Interest rates are heading in the right direction. I think the combination of some additional cuts to interest rates and then importantly, improved consumer confidence, we think that's going to be really the driver to turn the market. So whether that happens in 2026 or not, we'll see. But again, we think that those are the key things that will be needed for us to get back to historical growth rates across our categories.

Stephen Kim*Analyst, Evercore ISI*

Okay. Great. Thanks very much, guys.

Jonathon J. Nudi*President, Chief Executive Officer & Director, Masco Corp.*

Thank you.

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

Michael Rehaut

Analyst, JPMorgan Securities LLC

Hi. Good morning. Thanks for taking my questions. I wanted to hit on the restructuring actions contemplated for 2026. I assume part of that is with regards to moving Liberty over and integrating that. I just wanted to get a sense for what the dollar benefit you anticipate from those restructuring actions in 2026? And how much of that might be reinvested in the company because I heard you say fund growth initiatives versus just a fall to the bottom line, so to speak?

Jonathon J. Nudi

President, Chief Executive Officer & Director, Masco Corp.

Yeah. So maybe I'll start and Rick can add on as well. Obviously, with markets that aren't growing at historical rates, we want to take action to make sure that we have the cost structure that's needed for today and into the future. So the actions are broad. So again, Liberty would obviously be a part of it, something that we pointed out.

But really looking across our organization just to make sure we have the right footprint in terms of manufacturing base, make sure that we're leveraging our scale where it makes sense. And the idea is to take those dollars, drop similar to the bottom line as we've guided. Again, we want to grow margins in 2026 and into the future. And importantly, we want to free up differential amount of dollars that we can reinvest back into creating capabilities.

And we won't go into a lot of detail today, but at our May Investor Day, we'll really detail the capabilities that we're building to not only help us drive the bottom line. So things like leveraging our scale with shared services and global purchasing. But importantly, creating capabilities that will drive our top line even faster. So things like e-commerce and digital marketing, brand building and consumer insights. And then finally, really accelerate innovation. So again, I'll let Rick touch a little bit on the dimensions of this year and into the future. But just know that this is an area that we'll continue to focus on. We're going to continue to drive hard from a cost standpoint just because we do want to keep growing our margins and keep investing in our capabilities as well.

Richard Westenberg

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

Yeah, Mike, with regards to restructuring and timing. So as we indicated in our prepared remarks, we took a charge of about \$18 million in Q4 2025. And we expect about \$50 million of charges here in 2026. So we've embarked on restructuring actions, and we were highlighting this for a couple of reasons. One is because it's more significant that Masco has done in the recent past in terms of the extent of restructuring, all for the reasons that Jon mentioned in terms of the overall market dynamics, volume, et cetera. In terms of the – and it's broad-based in nature.

I would say in terms of benefits, those restructuring actions are going to take hold as we move through 2026. They're contemplated within our guidance and we do have some margin expansion contemplated in our guidance for 2026. But the full benefit will be realized as we get into 2027 and 2028. And as Jon indicated, we'll provide more visibility in terms of our margin expectations as we get into our discussion at Investor Day in May.

Michael Rehaut

Analyst, JPMorgan Securities LLC

Okay. I appreciate that. I guess secondly, just to follow up on the earlier question around raw materials and where copper prices are today. You said obviously that your 2026 guide [ph] contemplate or reflects (00:38:24) that

you're aware of what's going on in the markets. Just a little – just for a little clarity sake. Does that imply that if copper prices today – copper prices of today were to hold, that would be, in effect, a neutral impact on, let's say, the second half of the year because there is a lag? Or would there need to be some additional adjustments taken to make sure that you can achieve the guidance that you've laid out?

Richard Westenberg*Vice President, Chief Financial Officer & Treasurer, Masco Corp.***A**

Yeah. Mike, without giving you a specific figure in terms of what we've pegged our plan at, what I can say is we do – we have contemplated elevated copper prices. We haven't contemplated copper prices at the levels that they reached in the recent past, like about \$6 per pound from a COMEX perspective. But that's something that we continue to monitor.

We do have, as I mentioned earlier, to Matt's question, a bit of a delay with regards to when it impacts our P&L. So it does give us the opportunity to respond whether it's through further cost actions or pricing to mitigate those impacts. And so that's something that we continue to monitor. And we've demonstrated the ability to offset these types of headwinds in the past. And so it may not be one-for-one from a timing perspective. And there might be both risk and upside relative to our – to the copper assumption. But there – but we do monitor very closely, and we do take action accordingly.

Jonathon J. Nudi*President, Chief Executive Officer & Director, Masco Corp.***A**

Yeah. I would just say, Mike, look, it's one of many risks and opportunities that we continue to look at. So I would say we feel good about where [ph] the call is (00:40:08) today, if it moves materially, we'll take actions to make sure we mitigate it.

Michael Rehaut*Analyst, JPMorgan Securities LLC***Q**

Great. Thanks so much.

Operator: Your next call comes from Susan Maklari of Goldman Sachs. Please go ahead.

Susan Maklari*Analyst, Goldman Sachs & Co. LLC***Q**

Thank you. Good morning, everyone.

Richard Westenberg*Vice President, Chief Financial Officer & Treasurer, Masco Corp.***A**

Good morning.

Susan Maklari*Analyst, Goldman Sachs & Co. LLC***Q**

Good morning. Building on your recent comments to Mike's question, can you talk a bit about the executive committee that you formed there? Some of the initiatives that you're going to be really focused on as you think about driving that growth? And anything specific that we should be focused on for 2026 as it relates to that?

A**Jonathon J. Nudi***President, Chief Executive Officer & Director, Masco Corp.*

Yeah, Sue, this is Jon. I'm happy to take that question. I'm excited about the new executive committee. And really, it was designed to do two things. One, allow us to get closer to the business. As we all know, the world is moving faster than ever before, including our consumers and customers. And we wanted to bring our four big BU leaders on to the senior team of the company. That's the first time we've done that at Masco.

Their businesses make up more than 80% of our total business. And we meet at least weekly. We talk about what's working, what's not, where there's challenges, and we're flowing resources to those challenges more quickly than we have in the past. And again, just being really in touch with the business is what we're shooting for.

In addition to that, Behr is now reporting directly to me as they deal with our largest customer. I think that helps with decision-making. It helps me be really in tune with what's happening on that important business as well as with our most important and largest customer as well.

In addition to that, the goal is to leverage our scale better. Masco has a long history of driving a lot of success. We've done that in a very decentralized way. And what I would say is I don't plan to centralize this company that's not the goal at all. But the goal is to really leverage our scale where it makes sense. And to do that, we need to make sure that we do it in a smart way. So as we build these strategies to leverage our scale, having the business unit leaders be a part of the strategy of development.

And then, obviously, the execution as we go to market and deploy these capabilities, things that I talked about, like, digital marketing and e-commerce and brand building and consumer insights and innovation, having them to be a part of the development, I think, is really important. So our goal is to keep doing what we've done historically from a margin standpoint, keep driving margins. But probably grow a bit more quickly on the top line and bringing this growth mindset to Behr is what we're trying to do as an executive committee.

Q**Susan Maklari***Analyst, Goldman Sachs & Co. LLC*

Yeah. Okay. That's great color. And then turning to the cash flow side of the business, you guided for working capital come down a bit, 16.5% of sales this year. Can you talk about the path of getting there, further potential upside to that as conditions perhaps normalize? And then how we should be thinking about what that means for overall cash generation and the uses of that cash?

A**Richard Westenberg***Vice President, Chief Financial Officer & Treasurer, Masco Corp.*

Sure, Sue. It's Rick. So with regards to working capital, as you may recall, and I believe I mentioned this in my prepared remarks as well, 2025 working capital was adversely impacted by the tariff dynamic. And what I mean by that is a couple of fold. One is cost bled into our inventory and as pricing bled into our receivables that inflated our working capital ratios. Also from a payment timing perspective, tariffs are due on shorter payment terms than our regular vendor payables. And so that shortened our payable days as well. And so those impacts took hold in 2025 and were adverse impact in terms of our working capital dynamics.

In 2026, we expect more of a return to normalization. There will be some residual implications, of course, for the tariffs, but 16.5% is more of where we want historically. And so that's more of a normalization, I would call it, with regards to our working capital.

From an overall cash allocation perspective, our capital allocation framework, as you know, has not changed. And we are consistently deploying capital as we've done in the past. And that's number one, first and foremost, investing in the business and we guided to an expectation of approximately \$190 million of capital expenditures in 2026.

Second is an investment-grade credit rating, which we have securely in place. Third is a relevant dividend. And as Jon and I both mentioned, we got support from the board to increase our dividend 3% to \$1.28 per share for 2026. And then all available cash that we don't deploy to capital investments or to the dividend are available for share buybacks or M&A activity. And we indicated our expectation is that number would be about \$600 million for 2026.

Susan Maklari*Analyst, Goldman Sachs & Co. LLC*

Okay. Thanks for the color and good luck with the quarter.

Richard Westenberg*Vice President, Chief Financial Officer & Treasurer, Masco Corp.*

Great. Thanks, Sue.

Jonathon J. Nudi*President, Chief Executive Officer & Director, Masco Corp.*

Thanks, Sue.

Operator: Your next question comes from John Lovallo of UBS. Please go ahead.

John Lovallo*Analyst, UBS Securities LLC*

Good morning, guys. Thanks for taking my questions as well here. The first one, just on Liberty Hardware. It looks like the operating margin was kind of mid- to high-single-digits in 2025, and I'm sure that was impacted by tariffs. But that compares to sort of 16% to 17% in 2024. So I guess the question is, what are your expectations for Liberty Hardware margin embedded in the Plumbing outlook? And can you remind us why this business is still considered core?

Richard Westenberg*Vice President, Chief Financial Officer & Treasurer, Masco Corp.*

Sure, John. It's Rick. So we typically do not comment on individual business unit performance, but obviously, with the shift of Liberty hardware from our Decorative Architectural segment to our Plumbing segment, it creates a bit more visibility. I mean as you noted, our margins were adversely impacted in 2025. And that's really, I would say, primarily driven by a couple of things. The volumes were a bit challenged. But really, even more than that, from a profit margin perspective, we were hit significantly by tariff in the glass antidumping duties.

And just as a reminder, the glass antidumping duties impact our shower door sourcing and that was at a rate of 323%. So needless to say, the team has been proactively working to mitigate and change our sourcing footprint to address that duty impact. And we're making good progress on that, and that will be something that we mitigate over the course of 2026.

As it pertains to Liberty overall, Liberty is a core part of our business. As Jon noted in his comments, over half of the sales of Liberty, our branded Delta, there's a great product complement – portfolio complement that Liberty processes in terms of kitchen and bath hardware and shower doors that we're really excited will be even more successful with regard – when we integrated into Delta in 2026.

John Lovallo*Analyst, UBS Securities LLC*

Got it. And then on the paint sales side, I think you guys talked about paint being down 15%. But you called out a couple of sort of onetime items, if you will, the inventory timing and the customer transition of primer and applicator businesses. Can you just help sort of break out the impact of each of those two factors in that number?

Richard Westenberg*Vice President, Chief Financial Officer & Treasurer, Masco Corp.*

Sure, John. So you're right, we identified a couple of items that provided a bit of impact in Q4. What I would say is not new news is the inventory channel build in Q4 2024 that we experienced and we had flagged as a favorable impact in Q4 2024 and an unfavorable comparison as we look at Q4 2025, that had about a mid-single-digit impact in terms of our volume and sales for the business on a year-over-year basis.

And then with regards to the transition of the primer and applicator business from one of our customers, that had about a single-digit impact in terms of sales in the quarter. So we thought it was appropriate to adjust those out as it pertains to providing a more representative picture of our performance during the quarter. And our performance during the quarter, quite frankly, when you strip out some of those impacts, is in line with what we saw throughout the course of the calendar year 2025, which was down high-single-digits in terms of DIY and up low-single-digits in terms of PRO. And we expect, as Jon have articulated, an improvement in that trend rate as we move into 2026 in terms of overall paint sales being roughly flat year-over-year with DIY down mid-single digits and PRO up mid-single digits.

John Lovallo*Analyst, UBS Securities LLC*

Got it. Thank you, guys.

Richard Westenberg*Vice President, Chief Financial Officer & Treasurer, Masco Corp.*

Sure, John.

Jonathon J. Nudi*President, Chief Executive Officer & Director, Masco Corp.*

Thanks, John.

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

Sam Reid*Analyst, Wells Fargo Securities LLC*

Thanks, everyone. I just wanted to circle back on the mid-single-digit Plumbing pricing for 2026. If you could just disaggregate in your outlook between wholesale and retail channel pricing? Would just love some perspective on

how potentially those retail conversations are going? And also just how you might be managing price gaps that might be evolving between wholesale and retail in Plumbing?

Jonathon J. Nudi*President, Chief Executive Officer & Director, Masco Corp.*

Yeah. Sam, this is Jon. I'll take a crack at this. So I would say, in terms of pricing in Plumbing, we feel good about where we are today and the conversations we have with customers are being constructive as you can imagine. Customers don't love pricing, [ph] no matter the environment (00:49:29). So we always have to give good justification for it, and we're working through that as we speak right now.

We won't get into channel by channel. It's just not something that we really guide to. But I can tell you that we're putting some good discipline in place in terms of our strategic revenue management approach, and that means just having strategies by channel, making sure that we have a good idea of price elasticity and where we stand versus our competitors.

And I think at the end of the day, what you really want to do is keep growing your business while you take price and clearly, we're doing that. We're growing nicely. We're growing share in the category. Part of that is just being competitive, which we believe we are, and it's also about building your brands and about innovating. So we feel good about where we are from a pricing standpoint for sure, but more importantly, just a business standpoint, particularly on our Plumbing business in North America. Our Delta team, I think, did a fantastic job in 2025, navigating an incredible number of headwinds, and we really like where we stand today.

Sam Reid*Analyst, Wells Fargo Securities LLC*

That helps. And maybe switching gears to paint. I believe in the prepared remarks, one of you mentioned jobsite delivery as being a lever for the paint business. Would just love to understand how widespread jobsite delivery is today, perhaps the runway? And then any color on who's paying for some of the outside trade representatives. Is that being split with Home Depot or are you bearing those costs on the paint business? Thanks.

Jonathon J. Nudi*President, Chief Executive Officer & Director, Masco Corp.*

Yeah, absolutely. So in terms of order online and deliver to the jobsite, it's something that's expanding. We started in our big markets where there's density of stores because we, in many cases, set up micro distribution sites that help with that distribution. So we think that there is plenty of runway left there. I won't give you a percentage. But again, I think it's early to mid-innings on that ability to take friction out of the system for PROs. So more to come there. And the second part of the question was?

Sam Reid*Analyst, Wells Fargo Securities LLC*

Just on the economics of your outside trade representatives.

Jonathon J. Nudi*President, Chief Executive Officer & Director, Masco Corp.*

Yeah. I would say, again, without getting into a whole lot of detail, I would say it's a true partnership, one that goes back 43 years with The Home Depot. And in terms of how we get after this, it's some of it's joint, some of it's we invest. I would say, it really depends on the initiative, but we like this business a lot. We're not talking about – certainly, we're talking about 2026 and what we have to do to bend the curve. Importantly, we're talking much

longer in terms of the horizon and what kind of investments we need to make ourselves, what kind of investments we're going to make jointly to really grow this business into the future.

And I've been incredibly impressed with the relationship that's developed over obviously a long period and importantly, just the candor back and forth in terms of what's working, what's not. And I have a lot of confidence that we're going to get to a better place on paint starting in 2026 and then really accelerate from there.

And the last thing I would mention is we made some leadership changes at Behr over the course of the last few months as well. I'm really pleased with the focus and the attention on what's happening at that BU at this point. So I'll leave it at that. Thanks. Thanks, Sam.

Sam Reid*Analyst, Wells Fargo Securities LLC*

Thanks, guys.

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

Trevor Allinson*Analyst, Wolfe Research LLC*

Hi. Good morning. Thank you for taking my questions. Another question on Dec Arc here. Margins came in a little weaker than what you were expecting in the quarter. Was that primarily volume related or drove the weaker margins? And then just given the lower starting point as we exit 2025, how should we think about the cadence of Dec Arc margins throughout the year in 2026?

Richard Westenberg*Vice President, Chief Financial Officer & Treasurer, Masco Corp.*

Yeah. Trevor, it's Rick. So in terms of the operating profit margin implications in Q4, it was impacted by really a couple of factors. One is volume. And as we articulated, there were a couple of impacts that we highlighted in Q4. Obviously, the Q4 2024, higher inventory in our channel, and then the customer transition in Q4 2025, and then just the overall market dynamics. So volume for a number of reasons, was impacted.

And then in 2025, just as a reminder, Liberty Hardware is still part of that segment. And that was adversely impacted as we talked about by significant tariffs in the 323% glass antidumping duties. And so that weighed heavily with regards to operating profit margins. Now we've been taking price and we've been doing mitigating actions, but those take time to take hold. And so there's an implication there in the near term as it pertains to the operating profit margin.

As we roll into 2026, obviously, you have to take into account the fact that we are shifting Liberty from our Decorative Architectural segment to our Plumbing segment. we provided a breakdown from a quarterly cadence for 2025 on a recast basis in the appendix of our earnings deck, so I'd refer you to that, and we can certainly address questions as a follow-up. But I would say that would help, I think, provide visibility in terms of our cadence for our recast segment for Decorative Architectural, at least in 2025. And outside of the impact that we just highlighted for Q4, in particular, I would say there's nothing that I would note at this point for 2026.

Trevor Allinson*Analyst, Wolfe Research LLC*

Okay. Okay. Makes sense. Thank you for that. And then you talked about your expectations overall for the market in 2026. Can you talk about how you think Watkins performs relative to your overall Plumbing portfolio this year? And then can you remind us roughly the size of that business as you exit 2025? Thanks.

Jonathon J. Nudi*President, Chief Executive Officer & Director, Masco Corp.***A**

Yeah, I'll take a crack of that. So we typically don't break out BUs within a segment. So – but what I would say is we really like the space that Watkins plays. Wellness is very much on trend, obviously, from a consumer standpoint. You look at the categories that we play, spas and hot tubs only have 5% or 6% penetration in North America. We're the share leader. We have two of the major premium brands in the space and Caldera and HotSpring. And then saunas are kind of a phenomenon right now. It's only 1% household penetration. If you look at pop culture at all, it's amazing how much people are talking about saunas and the benefits that come with them.

So look, it's been a bit of a mixed market over the last few years. They are bigger ticket purchases. We're exiting the year with momentum from 2025, and we feel good about our opportunities to grow and – at least in line with the Plumbing segment in 2026 and probably grow even faster as we look forward, just given how much upside there is and how much on trend our products are.

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.

Jonathon J. Nudi*President, Chief Executive Officer & Director, Masco Corp.***A**

Thanks, Trevor.

Operator: Next question is from Mike Dahl of RBC Capital Markets. Please go ahead.

Michael Dahl*Analyst, RBC Capital Markets LLC***Q**

Good morning. Thanks for taking my questions. First one, just to drill down into the Plumbing guide one more time. I think if you're up low-single-digits, with mid-single-digit price, so you're implying volumes down low-singles. I think you ended up the year with volumes kind of closer to flat in Plumbing. So can you just kind of dive into that a little bit more in terms of changes in your volume expectations versus what you've seen in recent trends in Plumbing?

A**Richard Westenberg***Vice President, Chief Financial Officer & Treasurer, Masco Corp.*

Sure, Mike. It's Rick. And in your dissection of our 2026 guide is accurate. So we are guiding in terms of our Plumbing volumes to be down low-single-digits. That are partially offsetting the mid-single-digit pricing. We expect overall Plumbing sales to be up low-single-digits in 2026.

As we looked at back on 2025 in terms of our performance, we saw some of that pricing take hold in the latter part of the year. But from a volume perspective, we were down depending on the period 1% to 2% from an overall Plumbing volume standpoint. So effectively, we're seeing more of a continuation from a volume perspective in that same ZIP code. Obviously, we're investing in many areas to – as Jon articulated, to grow the business. And so we are cautiously optimistic that we can improve upon that, particularly as we move going forward and really set ourselves up to capitalize on our growth initiatives and to capitalize when the industry does return to growth, both from a volume and a price perspective.

Michael Dahl*Analyst, RBC Capital Markets LLC***Q**

Okay. Got it. That's helpful, Rick. And then I guess somewhat similar, but shifting to Dec Arc. Volumes were really down all year. They've been down for a couple of years, even adjusting for the one-timers. So in terms of just the level of confidence or conviction getting to flat for this year when it doesn't sound like you're assuming anything heroic from existing home sales. Just give us a little more insight into what you've seen in recent trends or the conversations you've had that give you that confidence that will improve back to flat?

Jonathon J. Nudi*President, Chief Executive Officer & Director, Masco Corp.***A**

Yeah. This is Jon, Mike. I mean I think 2025 had a lot of challenging comps with the inventory build at the end of 2024, the exclusivity on primer and applicators. So the comps certainly become more favorable. So that's one thing that's real. I would say, in addition to that, I think focusing on what we can control. And from our side, we can focus on building our brand and really communicating the message that we've got the best quality and the best value in the category.

I think particularly in this environment, the value messaging is something that could be compelling. So we're going to step that up. I can also tell you that we are very aligned with The Home Depot in terms of our strategies and really making sure that we get every bit of growth that we can out of 2026. So as we talked, we don't think the market is going to necessarily spring back to historical growth levels in 2026, but we feel good that we're going to execute at a high level and certainly see some better trends just because the comps are a bit easier for us in 2026 as well.

Michael Dahl*Analyst, RBC Capital Markets LLC***Q**

Got it. Okay. Thanks, Jon.

Jonathon J. Nudi*President, Chief Executive Officer & Director, Masco Corp.***A**

Thank you.

Operator: Your last question today comes from Phil Ng of Jefferies. Please go ahead.

Philip Ng
Analyst, Jefferies LLC



Hey, guys. Thanks for squeezing me in. Jon, I think you mentioned on your PRO paint business with your partnership with The Home Depot. Perhaps you're doing a trial on trade credits. Any more color on that? Is that going to be pretty broad based and we could see an uplift this year? Or is that more of a 2027 opportunity? And with that partner growing in that PRO side of things more broadly, do you see that as an opportunity this year?

Jonathon J. Nudi
President, Chief Executive Officer & Director, Masco Corp.



Yeah. I guess what I would say is we do believe that trade credit is an important unlock with the Pro customer. And at the same time, I would say this initiative is really being driven by The Home Depot, and I don't want to speak to them. So I know there – we'll be talking more about this. They have talked about trade credit in the past, and I think they believe it's a big unlock as well. So I'll let them comment on not just how widespread this is, but I know that for a fact that they believe it's meaningful and it's something that they're very committed to growing over time.

Philip Ng
Analyst, Jefferies LLC



Okay. Got you. And then you commented about some of the momentum you saw in Plumbing in 2025 with share gains. I think it was on the e-comm side and retail. Anything to flag when we look at the 2026, any new placement in either of those channels or the wholesale channel as well on the Plumbing side?

Jonathon J. Nudi
President, Chief Executive Officer & Director, Masco Corp.



Yeah. So I would say we obviously have good visibility into particularly our retail sets and our plans for the year. And we feel like we're going to have a really nice year in North America at retail. We had a really incredible momentum in e-commerce over [ph] longer arc of time (01:01:26), particularly led by our Delta business, growing nicely, [ph] I mean (01:01:33) above certainly our overall average, and we feel good about the plans we have in place there as well. And look, at the end of the day, our wholesale channel remains very, very important for us. We've got deep relationships that go back many years.

So as we've talked about this new executive committee getting closer to the business, I can tell you we view all of these key indicators on a weekly basis and feel really good about the plans we have in place from a Plumbing standpoint. So I feel very good that we're going to have another nice year from a share standpoint in North America. And Hansgrohe, I mean we had nice strength as well in some challenged markets, particularly in China. And I believe we have plans in place to turn that.

The last thing I would hit in North America, the area that's really growing the fastest, is the upper premium and luxury segment of the category. And we have great brands with Brizo and Newport Brass, and Axor. And those are our fastest-growing brands, whether it's in the United States or outside the US. They tend to be our highest margin brands, and we really like that space. In the US alone, it's over \$100 million – or over \$1 billion in terms of a segment. So we like the momentum on our Plumbing business, both in North America and around the world.

Philip Ng
Analyst, Jefferies LLC



Okay. Thank you. Appreciate the color.

A

Jonathon J. Nudi
President, Chief Executive Officer & Director, Masco Corp.

Thank you.

Operator: At this time, we will now turn the call back over to Robin Zondervan. Please continue.

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: Ladies and gentlemen, that concludes today's conference call. Thank you for your participation. You may now disconnect.

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