

31-Jan-2025

PPG Industries, Inc. (PPG)

Q4 2024 Earnings Call

CORPORATE PARTICIPANTS

Alejandro Lopez

Director-Investor Relations, PPG Industries, Inc.

Timothy M. Knavish

Chairman & Chief Executive Officer, PPG Industries, Inc.

Vincent J. Morales

Senior Vice President & Chief Financial Officer, PPG Industries, Inc.

OTHER PARTICIPANTS

John Roberts

Analyst, Mizuho Securities USA LLC

Ghansham Panjabi

Analyst, Robert W. Baird & Co., Inc.

David Huang

Analyst, Deutsche Bank Securities, Inc.

Chris Parkinson

Analyst, Wolfe Research LLC

Duffy Fischer

Analyst, Goldman Sachs & Co. LLC

Frank J. Mitsch

Analyst, Fermium Research LLC

Stephen Byrne

Analyst, BofA Securities, Inc.

Kevin W. McCarthy

Analyst, Vertical Research Partners LLC

Michael Sison

Analyst, Wells Fargo Securities LLC

Patrick Cunningham

Analyst, Citigroup Global Markets, Inc.

Michael J. Harrison

Analyst, Seaport Global Securities

John McNulty

Analyst, BMO Capital Markets Corp.

Steven K. Haynes

Analyst, Morgan Stanley & Co. LLC

Laurent Favre

Analyst, BNP Paribas SA (London Branch)

Daniel Rizzo

Analyst, Jefferies LLC

Arun Viswanathan

Analyst, RBC Capital Markets LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good morning. My name is Brika, and I will be your conference operator today. At this time, I would like to welcome everyone to the Fourth Quarter PPG Earnings Conference Call.

All lines have been placed on mute to prevent any background noise. After the speakers' remarks, there will be a question-and-answer session. [Operator Instructions] To allow everyone an opportunity to ask a question, the company requests that each analyst ask only one question. Thank you.

I would now like to turn the call over to Alex Lopez, Director of Investor Relations. Please go ahead, sir.

Alejandro Lopez

Director-Investor Relations, PPG Industries, Inc.

Thank you, Brika, and good morning, everyone. This is Alex Lopez, Director, Investor Relations. We appreciate your continued interest in PPG and welcome you to our fourth quarter and full year 2024 earnings conference call.

Joining me today from PPG are Tim Knavish, Chairman and Chief Executive Officer; and Vince Morales, Senior Vice President and Chief Financial Officer.

Our comments relate to the financial information released after US equity markets closed on Thursday, January 30, 2025. We have posted detailed commentary and the accompanying presentation slides, which are being shown on this webcast on the Investor Center of our website, ppg.com.

Following management's perspective on the company's results, we will move to a Q&A session. Both the prepared commentary and discussion during this call may contain forward-looking statements, reflecting the company's current view of future events and their potential effect on PPG's operating and financial performance.

These statements involve uncertainties and risks, which may cause actual results to differ. The company is under no obligation to provide subsequent updates to these forward-looking statements.

The presentation also contains certain non-GAAP financial measures. The company has provided in the appendix of the presentation materials, which are available on our website, reconciliations of these non-GAAP financial measures to the most directly comparable GAAP financial measures. For additional information, please refer to PPG's filing with the SEC.

Now, let me introduce PPG's Chairman and CEO, Tim Knavish.

Timothy M. Knavish

Chairman & Chief Executive Officer, PPG Industries, Inc.

Thanks, Alex, and good morning, everyone. Welcome to our fourth quarter and full year 2024 earnings call.

Before I start, I'd like to offer prayers and condolences to those who lost their lives in yesterday's terrible air collision in Washington, D.C. Our prayers are with their family, friends, loved ones. It's a terrible tragedy, and I hope and pray that none of you had any loved ones affected.

Now, I'll begin by providing a few highlights of our full year 2024 and fourth quarter financial performance, and then I'll move to our outlook. And on behalf of PPG, I'd also like to apologize for the volume of changes, recasting of financials, the new segmentation and the guide structure. But this is a positive and critical inflection point for our company, and we wanted to structure the reporting on a go-forward basis to reflect this.

As a result of the architectural coatings US and Canada divestiture, all financial information provided in the earnings material has been recast to reflect this business as a discontinued operation consistent with US GAAP requirements.

In 2024, the team demonstrated resilience in a challenging macro by driving growth in adjusted EPS from continuing operations and aggregate segment EBITDA, led by sales of our technology-advantaged products, structural cost actions and moderated input costs.

We delivered record results in several of our businesses, including aerospace coatings, automotive refinish coatings and architectural coatings Latin America. Despite strong share gains in certain businesses, organic sales declined a low-single-digit percentage year-over-year driven by overall weak macros.

However, we delivered growth in Mexico and China, as well as growth in aerospace, protective and marine, packaging, traffic solutions businesses, offset by industry declines in auto OEM, industrial and our architectural EMEA coatings business.

For the full year, adjusted EPS was \$7.87, which grew 6% year-over-year and excludes \$0.27 of EPS that has been reclassified to discontinued operations. It reflected results of the divestiture of the US and Canada architectural business with the exception of certain allocated costs.

Strategically, during the fourth quarter, we further optimized our portfolio as we completed the divestitures of our silica products and architectural coatings US and Canada businesses. This is a significant step forward for our company, as these divestitures improve our financial profile, including higher operating margins and results in a more focused organization, which positions the company to deliver sustainable organic growth.

As we've said, our portfolio moves this past year have strengthened the company's financial profile. When you combine the impact of these transactions with the organic improvement in margins we delivered on our remaining businesses, you will note that we have now achieved top-tier EBITDA margins.

This performance reflects the value that our customers assign to our technology-advantaged products and services, our solutions, our well-trusted brands, our strong global positions across the coatings verticals and the cross-synergies of our business portfolio. We believe that both this margin profile and our enterprise growth actions are great catalysts for the future value creation of PPG.

Given the revised portfolio, we have expanded our segment reporting structure, and we'll now report all of our architectural coatings businesses as a separate segment, Global Architectural Coatings. The reporting of the remainder of the businesses within Performance Coatings and the Industrial Coatings segment will remain the same. This expanded segmentation provides investors with enhanced visibility, as we drive the company's growth and performance.

Our Global Architectural Coatings and Performance Coatings segments, both, now have full year EBITDA margins at or above 20%, reflecting the differential technologies and strong brand positions of our various

businesses. Our Industrial Coatings segment delivered 16% EBITDA margin, despite operating a weak global industrial macro environment.

Each of our segments has unique characteristics that allow us to deliver exceptional value to our customers. By leveraging the distinct strengths of our businesses, we are positioned to drive innovation, increase demand for our technology-advantaged products and deliver sustainable and profitable growth, while increasing returns to our shareholders.

In our Global Architectural Coatings segment, we have excellent and well-recognized brands with world-class distribution and a strong number one or number two position in more than 15 countries.

Our Performance Coatings segment is focused on various aftermarkets that traditionally are more stable and have a more fragmented customer base. Within this segment, we offer differentiated and highly specified product and digital solutions that enable our customers' productivity.

Our Industrial Coatings segment delivers highly technical products and services for our global B2B customers. We operate field service teams in our customers' facilities, which allows us to develop strong relationships and deep understanding of their productivity needs.

Also, we typically grow with our customers as they expand around the world. In the fourth quarter, despite the choppy environment, our adjusted EPS grew by 6% year-over-year, excluding the impact of unfavorable foreign currency translation.

We delivered strong organic sales growth in aerospace coatings, protective and marine coatings and traffic solutions. This was our ninth consecutive quarter of aggregate segment margin improvement and we have delivered cumulative margin improvement of approximately 400 basis points since 2022.

In the Global Architectural Coatings segment, fourth quarter net sales were significantly impacted by unfavorable foreign currency translation, primarily from Mexican peso. Sales volumes declined due to weak consumer confidence in the European architectural coatings market.

However, we benefited from our strong concessionaire network in Mexico, where demand is robust for our products and services. For the full year, segment EBITDA margin improved by 70 basis points as lower volumes were offset by our cost control actions and net price impact during the year.

In the Performance Coatings segment, fourth quarter organic sales grew 4%, with both price and sales volume improvements. Within the segment, aerospace coatings demonstrated continued strong performance with record fourth quarter sales and double-digit percentage organic sales growth.

Despite improved production capacity and other productivity gains, the order backlog increased to approximately \$300 million, demonstrating the strong demand for our technology-advantaged products, as well as excellent industry dynamics.

In auto refinish, sales volumes declined in the US, with benefits from share gains more than offset by lower industry collision claims. These share gains are a product of the demand for our technology-advantaged products and services.

In 2024, the company grew the number of linked services subscriptions and added more than 600 additional Moonwalk installations that now total more than 2,500 around the world, adding to our subscription revenue.

Protective and marine coatings demonstrated strong growth in the fourth quarter supported by increasing global demand of our technologies and our recent share gains. This was the seventh consecutive quarter with positive year-over-year sales volume growth, and we expect the positive momentum to continue. Segment EBITDA margin improved in both the fourth quarter and full year, due to positive volume and strong net price impact.

In the Industrial Coatings segment, demand was constrained by soft global industrial production and weak automotive OEM industry production. As expected and forecasted by industry consultants, auto OEM industry production was lower year-over-year in the US and Europe. Our results followed that lower demand trend, and we were able to partially offset the decline in sales volumes with share gains in Latin America and China.

Industrial production was also sluggish in Europe and the US, which resulted in lower year-over-year sales volume in the Industrial Coatings business. Sales volume declines in those regions were partially offset by strong growth in Latin America. Prices in the Industrial Coatings segments declined due to lower index-based selling prices, as raw material costs declined in the latter part of 2024.

This impact is expected to moderate in 2025 as most have reached their anniversaries and will be reset based on recent stability in raw material pricing. Segment EBITDA margin reduced 160 basis points for the quarter and was slightly lower on a full year basis as the lower volumes were partially offset by strong cost control actions.

We ended the fourth quarter with cash of about \$1.4 billion. During the quarter, we completed \$250 million in share repurchases and paid approximately \$160 million in dividends. On a year-to-date basis, we repurchased approximately \$750 million of stock, which represented approximately 3% of our outstanding shares.

We honored our pledge to return cash to shareholders, and combined with our dividend, we've returned \$1.4 billion to our shareholders in 2024. Our balance sheet remains strong, which continues to provide us with financial flexibility, and we remain committed to driving shareholder value creation. Thus, we're deploying about \$400 million towards share repurchases during the first quarter 2025.

Looking ahead, we anticipate a slow start to 2025 as demand in Europe and in global industrial end-use markets remains challenged. However, we expect stabilization on a full year basis of some key economic indicators like light vehicle builds and global industrial production, as well as additional aircraft deliveries.

In the first quarter of 2025, we'll begin to see the impacts of already enacted tariffs, which is expected to result in low-single-digit percentage inflation in raw material cost while raw material inflation was flat in the fourth quarter 2024.

Despite a challenging macro and economic landscape and a slow macro start for 2025, I'm genuinely optimistic about this year. We expect to deliver organic sales growth of low-single-digit percentage for the year, with the first quarter organic growth flat to slightly down. Stronger results in the second half of the year, supported by the realization of more than \$100 million in annual share gains in our Industrial Coatings segment.

As we enter the next chapter for PPG with a new sharper portfolio and focus, we're progressing further on the execution of our enterprise growth strategy with several elements that include: building upon our organic growth capabilities on commercial excellence with the right processes, people, tools and incentives; taking decisive self-help actions to further reduce costs, including global structural costs and European manufacturing consolidations.

This program will deliver approximately \$175 million once fully implemented, including savings of \$60 million in 2025.

Execution of our operational excellence programs will also deliver manufacturing productivity that will more than offset general inflation. We'll deploy cash in a disciplined manner, investing for growth; selective M&A, if appropriate; and returning cash to shareholders.

As a result of these actions, we expect to deliver adjusted earnings per share for the full year in 2025 in the range of \$7.75 to \$8.05, which at midpoint represents an EPS growth of 7%, excluding the impact of foreign currency and higher tax. Consistent with our sales growth, EPS growth will be weighted towards the second half of 2025, as global industrial demand weakened and the US dollar strengthened in the second half of 2024.

I'm excited about 2025 and beyond. We have a sharper, more focused, future-facing portfolio and a higher growth and margin profile company. For our customers, we're both delivering solutions that ensure their success today and innovating tomorrow to improve both their productivity and their success.

We remain committed to our heritage of strong cost management and improved productivity that reinforces the ability to maintain our momentum in driving higher margins and earnings growth. The result will be profitable organic growth for PPG and shareholder returns for our owners.

These successful divestitures and solid performance in 2024 would not have been possible without the dedication of our employees. We are now a much more focused organization dedicated to driving ongoing growth with strong margins.

Thank you to our PPG teams around the world who make it happen and deliver on our purpose every day. Thank you for your continued confidence in PPG.

And this concludes our prepared remarks. And would you now please open the line for questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] The first question we have from the phone lines comes from John Roberts with Mizuho. Please go ahead.

John Roberts

Analyst, Mizuho Securities USA LLC

Q

Thank you. Could you talk about the \$100 million new win for Industrial? Is that related to a major competitor pulling back or is something else driving that?

Timothy M. Knavish

Chairman & Chief Executive Officer, PPG Industries, Inc.

A

Hey. Good morning, John. Thanks for the question. Certainly, the South American exit of one of our competitors is a part of that, I'd say, slightly less than half of that. We've got a number of other significant wins in auto OEM, as well as our industrial coatings and our packaging coatings businesses. And as you know, in the Industrial segment, the time lag between win and conversion is longer than our other segments because these are B2B factories that need change over time, et cetera. But the wins are kind of spread across those three major businesses, but a big piece of it is the exit in South America.

John Roberts

Analyst, Mizuho Securities USA LLC

Q

Thank you.

Operator: We now have Ghansham Panjabi with Baird. Please go ahead when you're ready.

Ghansham Panjabi

Analyst, Robert W. Baird & Co., Inc.

Q

Thank you, operator. Hey, Tim, just given your comments on the slight increase in raw materials prices for 2025 with tariffs and whatever else, can you just give us more specifics on how are you adjusting pricing across the portfolio to reduce the risk of any sort of price/cost mismatch as 2025 unfolds in the context of all this uncertainty on tariffs?

Timothy M. Knavish

Chairman & Chief Executive Officer, PPG Industries, Inc.

A

Sure, Ghansham. So what's in our guide for raw materials, which is basically up low-single digits inflation throughout the year is almost entirely based on the tariffs that have already been enacted in our basket, which is pretty much TiO2 and epoxies. So we've got that, as well as our mitigation efforts of those already baked into our guide. So what you'll see from a pricing standpoint is, I think, Q1 will be flat-ish to slightly positive, as some of our businesses are on traditional calendars as to when they raise prices, and that's scattered throughout the first few months of the year.

In raw material – I'm sorry, raw material pricing, index pricing on the Industrial segment, we'll still have a little bit of carryover for the first quarter. But then for the full year, we're expecting positive pricing – low-single-digit positive pricing for the company across the board. Now, we'll remain flexible and agile and do what we need to do, if

there's other tariffs or things we need to do from a competition standpoint to remain competitive in the market, but that's what's – that's what's baked into our guide.

Vincent J. Morales

Senior Vice President & Chief Financial Officer, PPG Industries, Inc.

A

And Ghansham, this is Vince. If you pull back to 50,000 feet and look at the supply chain, it's still a loose supply chain, still a buyer's market for coatings commodities beyond the tariffs.

Ghansham Panjabi

Analyst, Robert W. Baird & Co., Inc.

Q

Got it. Thank you.

Operator: Thank you. We now have David Begleiter with Deutsche Bank.

David Huang

Analyst, Deutsche Bank Securities, Inc.

Q

Hi. It's David Huang here for Dave. I guess you are expecting full year segment margins to be up 50 bps and down 150 bps in Q1. How do you expect margins to trend, I guess, from Q2 to Q4?

Vincent J. Morales

Senior Vice President & Chief Financial Officer, PPG Industries, Inc.

A

Hey, David. This is Vince. I'll start and I'll let Tim add some color. As we noted in our materials in Q1, and Tim just also noted, we have some raw material inflation around those enacted tariffs in Q1. Pricing is coming in throughout the quarter. We also have – expect a flat to low-single-digit decline in volumes. And as you progress through the year, our volume performance gets better. So that's the differential between Q1 and full year in terms of the margin progression.

Timothy M. Knavish

Chairman & Chief Executive Officer, PPG Industries, Inc.

A

Yeah. I would just add a little bit of color, particularly on the Industrial Coatings segment. That's our most volume-sensitive segment at this point from a margin standpoint because of the leverage that you could get with a little uptick in margin. So as we have a very soft Q1, you'll see that look pretty much like Q4, with the volume kicking in, in the Industrial segment more in the second half of the year.

Operator: Thank you. We have Chris Parkinson with Wolfe Research on the line now.

Chris Parkinson

Analyst, Wolfe Research LLC

Q

Great. Thank you so much. Tim, I'm guessing, getting on slide 5, no one was more excited to get that one out than you because it just represents, obviously, everything you've been working for. When we take a step back and look at the three new segments, can you just give kind of one or two points on – I understand the first half macro is what it is.

But can you just talk about how you and your teams are now thinking about the respective growth rate of those end markets in terms of share gain, market outperformance? Just anything that would potentially [ph] fit into

(00:24:03) the buy-side perceptions of PPG's ability to grow in the new framework would be particularly helpful. Thank you.

Timothy M. Knavish

Chairman & Chief Executive Officer, PPG Industries, Inc.

A

Yeah. Sure, Chris. So Global Architectural Coatings, now that we have our business refined to where we've got positions, where we've got a really good, strong right to win in those countries, you could use housing, construction, GDP as kind of proxies for the base growth rate of the end markets, but then, because of the strength of our position, you can add incremental share gain on top of that.

If you look at Performance Coatings, that's now largely an aftermarket business. And the demand there is a lot more steady on average. And as you know, from things like our refinish business and the new differentiated technology that we've launched for marine aftermarket, for example, we feel that we've got a pretty strong advantage in the Performance Coatings standpoint to pick up additional share.

And with Industrial Coatings, that's much more tied to industrial production. So automotive, that's the easiest, we'll all just follow the fields; beyond that, we'll follow industrial production as the baseline market; and then share gains from our technologies on top of that. So that's how we think about those three different segments.

Vincent J. Morales

Senior Vice President & Chief Financial Officer, PPG Industries, Inc.

A

Yeah. Yeah, Chris, if I could just add a couple bits of color here. As Tim mentioned, on the Industrial side, given the differential or specified technologies, we picked up share in packaging over the past two years.

Certainly, in certain industrial end markets, we've grown our position globally, including growing our market share in powder, some of that inorganically. And if you look at the Performance Coatings segment, we've talked a lot about some of our tools in the refinish area, especially the digital tools.

And on those digital tools, we're recognizing subscription revenue in addition to the customer intimacy that brings. So those are some of the differential items that will give us, I think, an advantage [ph] versus (00:26:36) the market rates.

Timothy M. Knavish

Chairman & Chief Executive Officer, PPG Industries, Inc.

A

Yeah. If I could just add one more piece of color, Chris. Refinish in Performance Coatings, good example. Collision claims in the US were down high-single digits in 2024. And we far outperformed that and won about 2,500 net new shops. So, that's how we should think about the market drivers plus our differentiated advantage in each of those segments.

Chris Parkinson

Analyst, Wolfe Research LLC

Q

Thank you so much.

Operator: We now have a question from Duffy Fischer with Goldman Sachs. Your line is open.

Duffy Fischer

Analyst, Goldman Sachs & Co. LLC

Q

Yeah. Good morning, guys. I was hoping you can help me – if you look – the published number for last year was \$7.87, the midpoint of your guide for this year is \$7.90, right? So, basically on top of each other for the year. But when you look at the shape of how that \$7.87 came about last year, how does that look this year? So can you help us kind of with the shape the year-over-year, either EPS or EBIT, whichever way you want to look at it. It sounds like you're going to be beating more in the second half, probably behind in the first half, but can you just help us with kind of the year-over-year shape of those two numbers?

Timothy M. Knavish

Chairman & Chief Executive Officer, PPG Industries, Inc.

A

Well, Duffy, considering how little time we gave you to digest all these new numbers, you're pretty darn close. We'll be behind last year in the first half, particularly in the first quarter and then we'll be nicely above it in the second half. That's your last comment. If you look at it operationally, it's 7% operational EPS growth. And then there's a couple of big things on top of that, that bring it down about to the same level, with the biggest one being about \$0.33 of EPS of FX.

And then my CFO will give you all the details below it. But high level, weaker in the first half, especially first quarter, strong second half Y-o-Y; net-net, 7% operational EPS gain for the full year.

Vincent J. Morales

Senior Vice President & Chief Financial Officer, PPG Industries, Inc.

A

And Duffy, we provided, as Tim mentioned, a flurry of information last night. One of the pieces we want to add to that is our quarterly EPS for the last two years on a recast basis. So Alex, could you give those numbers?

Alejandro Lopez

Director-Investor Relations, PPG Industries, Inc.

A

Yeah. For your reference, Duffy, last year, Q1, as you saw in the exhibit, it's \$1.87; adjusted EPS Q2, \$2.35; Q3, \$2.03; Q4, \$1.61, for the full year of \$7.87. In 2023, our Q1 adjusted EPS, \$1.75; Q2, \$2.12; Q3, \$1.98; Q4, \$1.56, with a full year of \$7.42.

Vincent J. Morales

Senior Vice President & Chief Financial Officer, PPG Industries, Inc.

A

Then if you look at the shape of the year, we talked about this on an earlier question, Duffy, if you look at the shape of the year, again, because of the slightly negative volumes in Q1 and the additional tariffs that were enacted in Q4 that will affect Q1, our Q1 is light, but we'll interject pricing as we go through that first quarter. We'll see volumes flatten and grow in the back half of the year. We'll also get some more restructuring benefit as we progress through the year. We talked about our self-help actions, and those will drive some cost benefit later in the year.

Duffy Fischer

Analyst, Goldman Sachs & Co. LLC

Q

Great. Thank you, guys.

Operator: Thank you, Duffy. We now have Frank Mitsch with Fermium Research. Please go ahead.

Frank J. Mitsch

Analyst, Fermium Research LLC

Hi. Good morning. Russell or Justin?

Q

Timothy M. Knavish

Chairman & Chief Executive Officer, PPG Industries, Inc.

Where are you putting your money on, Frank? And I'll go the opposite.

A

Frank J. Mitsch

Analyst, Fermium Research LLC

Good call. Good call. So the \$400 million buyback in 1Q, I think, Vince, on the last call, you indicated that the sale of North American architectural with all your moves to the cash, et cetera, would wind up being neutral or accretive on EPS. I'm curious if that's still the case. And in terms of the \$400 million buyback in 1Q, that almost indicates that there's not much you're seeing right now on the M&A side of things because one would have thought that you might keep your powder dry. Some of the coatings companies have indicated that they are looking at portfolio moves and divestitures and so forth. So any comments in terms of uses of cash and when all is said and done with respect to the divestiture of North American architectural, accretive, neutral, dilutive. Thank you.

Q

Vincent J. Morales

Senior Vice President & Chief Financial Officer, PPG Industries, Inc.

Yeah, Frank, this is Vince. I'll take the \$400 million and the proceeds from the divestiture. We did receive those proceeds late in the fourth quarter in 2024. They're not appearing in our cash flow statement we put out last night because we didn't put out a discontinued operations cash item, but they'll be in the 10-K when we file that. Certainly, we're putting those proceeds to work immediately as we committed to do in Q1, which, again, reflects that \$400 million. And Tim, you want to take the M&A?

A

Timothy M. Knavish

Chairman & Chief Executive Officer, PPG Industries, Inc.

Sure. So let me just be very clear that, first of all, I think part of your question on the \$400 million, was it accretive? And the answer is absolutely yes. But on the M&A, let me be very clear, our strategy on M&A has not changed from what I told you all in May of 2023 when I first came into the job that it's not the tip of the spear for us and we're very focused on building an organic growth machine, but that we would still evaluate any targets because we believe there still is consolidation to happen in this industry and there are some good assets out there that would add shareholder value.

A

So that has not changed. And if you look, 2023, I told everybody we paid down net debt, we did that early, and then we started buying back shares for the first time in a long time in Q4 of 2023. 2024, I said if there was no targeted selective M&A, we buy back shares, and we bought back \$750 million. As we come into this year, we're starting off Q1 buying shares. We fully expect to have another good cash generation year. So we've got good optionality, especially with where our leverage is right now. There are also a couple of assets coming to market or already on market.

One of them I've already said does not fit our enterprise growth strategy. So not interested. One of them, the Brazilian asset is an attractive asset. It's a good asset. It's a good fit to our strategy of either being a strong number one or strong number two. But we have to decide – we were not the only ones that would draw that conclusion. So we have to decide right price, right time.

We want to make sure that whatever we do, if we do anything on acquisitions that it doesn't distract from building the organic growth machine. But if we do it, if we do want to take a look at that asset or any of the other assets that may come, is it the best use of our shareholders' cash? Because right now, we believe our stock is undervalued and we've – but we're generating cash, and so we can deliver returns by buying back shares. So it'll all come down right asset, right time, so as to not distract the organization. And finally, of course, right price, is it the best use of the cash?

Frank J. Mitsch

Analyst, Fermium Research LLC

Q

Terrific. Thanks so much.

Operator: Thank you. Your next question comes from Stephen Byrne with Bank of America. Please go ahead.

Stephen Byrne

Analyst, BofA Securities, Inc.

Q

Yeah. Thank you. So Tim, your end markets normalized, and now you have three segments with more transparency and you've divested slower-growth businesses and you focus on share gains, et cetera, what do you target as a sustainable earnings growth rate down the road here? And what do you think it needs to get to, to move you out of a 15 multiple?

Timothy M. Knavish

Chairman & Chief Executive Officer, PPG Industries, Inc.

A

Yeah. Hey, Steve. I'll be consistent with what I've been saying in my first two-plus years now is that, as we start to deliver on each of our commitments, this is a 8% to 12% EPS growth company. And where it falls in that range is dependent on macros. And if you look at 2025, operationally, we're going to be a 7%, which compared to the macros that are in front of everybody right now is a good – is, I think, a pretty robust number.

Now going forward, all the things you said in the beginning of your question are exactly right, more focused portfolio. We don't have the drag on the company from a business that was underperforming, we're not distracted by a high-CapEx business that didn't fit our ambitions. And we've been investing in the organic growth muscle. And so, we're still confident that this is a 8% to 12% EPS growth company.

Vincent J. Morales

Senior Vice President & Chief Financial Officer, PPG Industries, Inc.

A

Yeah, Steve, if I could just add a couple bits of color. This is Vince. Again, if you look by segment, we've got two segments at or above 20% EBITDA margins. So obviously, as they grow, that'll enforce our mix benefits. The Industrial segment, which has been in a – we've been in a two-year industrial recession globally. So we think that business in that segment by itself is hopefully close to trough or a trough in terms of volumes. And as Tim mentioned earlier, that's our most volume-sensitive segment. So as we see any volume return there, it should come at enhanced incrementals and get back to a differential EBITDA margin on a go-forward basis.

Stephen Byrne

Analyst, BofA Securities, Inc.

Q

Thank you.

Operator: Thank you. Your next question comes from Kevin McCarthy with VRP.

Kevin W. McCarthy

Analyst, Vertical Research Partners LLC

Q

Yes. Thank you and good morning, everyone. Tim, I think you mentioned that in the first quarter, you would expect volume to be flat to down. My question would be, how do you expect volume to trend through the balance of the year? And how much of the implied improvement in the progression relates to potential macro uplift, getting out of this two-year industrial recession that we've been in? And how much relates to company-specific controllables such as the \$100 million share pickup that John asked about in Industrial? Maybe you can kind of parse that out and give us a sense of your level of confidence in restoring volume growth here and what that balance looks like. Thank you.

Timothy M. Knavish

Chairman & Chief Executive Officer, PPG Industries, Inc.

A

Yeah. Thanks, Kevin. So the first quarter will be a challenge, as we've said multiple times and you just reinforced. So we're expecting negative volume, a similar trend to what we saw in Q4. You'll then start to see it flat-ish to positive low-single digits, and we expect that then certainly for the rest of the year low- to mid-single digits as we get in the second half.

All in, what we are expecting is, is positive volume on a full year basis at about low-single digits. Now, as far as the breakdown of the components, we are not – in none of the segments are we excluding a hockey stick kind of recovery. We're expecting stabilization, frankly. Stabilization in, if you look at Europe, for example, stabilization in European architectural demand, stabilization in refinish, but we're not expecting recovery, frankly, in Europe.

Auto builds, IHS has been essentially flat for the year. So we're not – it's not like we've got this big hope and prayer build into that. It's about stabilization in the end markets plus the \$100 million-or-so share gains in the Industrial segments and then the ongoing share gains that we have in some of our key Performance Coatings and Global Architectural Coatings, but those are a lot of singles, as opposed to triples and home runs that you get on the Industrial side. So all in, we're expecting the year to be positive volume in low-single digits, negative in Q1 and then ramping up from there.

Vincent J. Morales

Senior Vice President & Chief Financial Officer, PPG Industries, Inc.

A

Yeah. Kevin, this is Vince. I'll add a couple points of color about Q1. We did have a strong – very strong Q1 in 2024, especially in China, high-single-digit growth in China. So we're competing against that. We also had double-digit growth in a couple of businesses, including packaging. So some of the Q1 year-over-year comp is related to just the hard comparables.

And again, as Tim mentioned, the trend line in our industrial business really just continuing in the second half of 2024. We saw activity globally decline in the second half. So as we anniversary that in the first half of 2025, again, we're not expecting significant hockey stick in the back half.

Kevin W. McCarthy

Analyst, Vertical Research Partners LLC

Q

Thank you both.

Operator: Thank you. We now have the next question from Michael Sison with Wells Fargo. Please go ahead when you're ready.

Michael Sison

Analyst, Wells Fargo Securities LLC

Q

Hey, guys. Thanks. For Performance Coatings and Industrial Coatings, when you look at the business units within that, are they all – are the businesses in there the ones that you want to run? Similar to US architectural, you exited that, are there businesses you want to exit? Just maybe give us your thoughts on why – what's left or what's in Performance Coatings/Industrial Coatings can support your goal of growing, I think you said, 8% to 12% longer term for PPG?

Timothy M. Knavish

Chairman & Chief Executive Officer, PPG Industries, Inc.

A

Yeah. Hey, Mike, it's Tim. We don't have any additional divestitures in our recipe right now. Every business has to own its right to stay in a portfolio on a longer-term basis. But as we sit here today, there's no other divestiture announcements coming out. We like our portfolio. We believe we've got a strong position, strong right to win in all of the businesses that we have.

Performance Coatings, frankly, crushed it. Well, we've got a really strong position in all of those businesses. Aerospace, you've heard about refinish, you've heard about PMC, seven straight quarters of growth. We've now got our traffic business pruned to where – we've got a really strong position in North America, and it's performing. So – and it's – this business – or that segment is almost all aftermarket. So we're really happy with that portfolio.

If you look at Industrial, those businesses are high-technology businesses, which is right in our wheelhouse. And you might look at the margin today and say, oh, well, it's not up to snuff with the other two segments. But as Vince mentioned, we're delivering 16-plus percent EBITDA at, frankly, the trough with a lot of volume leverage to come as things recover and a lot of our self-help is directed at that segment as well. Also, as we start to anniversary that index pricing, that stabilizes, and we'll have opportunities there.

All in, Mike, if you – I think it's slide 4, the actions we took moved us up 220 bps top tier now in EBITDA margin. So we really like the blend of businesses we have with upside, given where we are from a macro standpoint.

Michael Sison

Analyst, Wells Fargo Securities LLC

Q

Thank you.

Operator: Thank you. Your next question comes from Patrick Cunningham with Citigroup.

Patrick Cunningham

Analyst, Citigroup Global Markets, Inc.

Q

Hi. Good morning. On the architectural coatings EMEA business, demand seems to be weak on consumer confidence. You experienced demand declines in all regions, but said you had some growth in Eastern and Central Europe. Is that mostly a price impact? Are you making some share gains here? And what do you see as some of the catalysts to get consumer confidence off the bottom here? I know you're not calling for a hockey stick recovery, but just wondering what gives you some confidence that we can be stable here.

Timothy M. Knavish

Chairman & Chief Executive Officer, PPG Industries, Inc.

A

Yeah. So performance of our business, you're right, in Q4, most east to west, north to south was a pretty weak quarter. But if you look at the full year basis, we performed really well in Poland. We performed really well, frankly, in the UK and Ireland. So, we had pockets of strength. France was very weak for us, and the Nordics were very weak for us. So that's kind of a breakdown of the performance by country, by subregion.

From your statement about how is the outperformance being driven, share or price. It's both. This team has done an outstanding job for the last decade of pricing appropriately to offset input costs, pricing appropriately on our differentiated products and then pricing at the street fighting level when we need to win shelf space. So the team does a great job of price/volume management. And we have gained some share in those countries where we are performing.

As far as Europe more broadly, again, we are not expecting what I would call a recovery, but more of stabilization as inflation stabilizes as – whenever central banks begin the journey in the other direction, some increases in consumer confidence. We're not baking in end of the Ukraine war or anything like that, but that would certainly help. We just believe that there's enough factors out there, and we've come down so far over the last five years from COVID and then the war and then high interest rates and high inflation, we believe that there's enough easing there to stabilize but not hockey stick.

Vincent J. Morales

Senior Vice President & Chief Financial Officer, PPG Industries, Inc.

A

And Patrick, Vince here. Just some confidence from a pace perspective is, if you look at 2023 in this business, architectural Europe, we were down, let's say, roughly mid-single digits. We were down mid to low in the first half of 2024. We were flat in the back half of 2024. So again, that's stabilization. And we know the COVID, we did – when we had COVID, we had a pull forward of activity into, let's call it, 2021 and even early 2022.

This is on a – this is a maintenance cycle-type business. So, we pulled forward some of that maintenance, which was reflected in our 2023 and 2024 volume numbers. And as that stabilizes and we start to see some of that maintenance come back, we'll benefit from that in terms of volume, as well as we'll be able to price accordingly, as Tim said.

Patrick Cunningham

Analyst, Citigroup Global Markets, Inc.

Q

Thank you.

Operator: Thank you. We now have Mike Harrison with Seaport Research Partners on the line.

Michael J. Harrison

Analyst, Seaport Global Securities

Q

H. Good morning. I wanted to go into a little more detail about three different regions or countries that you've mentioned so far. First is Latin America where it sounds like architectural and industrial are pretty solid. Second, you mentioned India, I think, in your prepared remarks as a growth opportunity. Maybe give us an update on how you position your key businesses there. And then finally, China, was just hoping you could give us some thoughts on how you're thinking about demand trends going forward, maybe with or without some trade policy shifts.

Timothy M. Knavish

Chairman & Chief Executive Officer, PPG Industries, Inc.

A

Yeah, sure. So LatAm as has been and continues to be a rock star performer for us, some of the stronger GDPs in the world and we're outperforming the GDPs. I just came back from our concessionaire meeting, which – the owners of our 5,200 stores across Mexico, and their sellout is just fantastic. And they're bullish going forward. The nearshoring helps them, but also just the strong consumer confidence and GDP.

Our businesses in South America, our automotive business outperformed last year, our industrial business. So not as big as Mexico, of course, but good fundamentals down there, and then we'll pick up some additional share, as we mentioned earlier on this call. So, Latin America performance will continue, particularly as we take to the next chapter of our Comex business where we start to use that network to distribute other business unit products.

India. India, we have a very unique situation there where we have a joint venture with the number one deco player, the number one overall paint company in India, and that's Asian Paints. Obviously, they run the deco side, but we've got a joint venture that covers essentially all of the industrial and performance businesses where we bring more to the game from a technology standpoint, global products, specifications, application expertise, all those things.

And so, we leverage the strength of Asian Paints and their footprint and their brands and their kind of reputation in the country and complement that with our technologies and our people, and we've been outgrowing what's been a very nice growth market for us.

Then the million or billion or many billion-dollar questions is China. And our business in China, unlike many other industrials, we are China for China. We don't make and ship product. We make and paint product locally. So – and even within that, we're in the right segments. We're in the right segments like auto, aero, PMC and industrial, not anything really associated with real estate or real estate construction.

So, local for local, we're in the right segments and throughout 2024, despite some of the really challenging macros that you've heard about from us and others, we grew every quarter, somewhere between low-single digits and mid-single digits. And so it's not – it's definitely not the China of a decade ago where you had high-single digits, low-double digits kind of growth, but we're very pleased with the progression of China, once we had to reprogram ourselves to think of a elongated recovery, as opposed to a hockey stick recovery.

But that elongated recovery has another benefit for us, in that, it really helps to drive the supply/demand equation on raw materials in our favor. Because it's elongated, it keeps that supply situation on a favorable side for buyers. So, we're not having big celebration parties about a hockey stick recovery in China, but we're pleased with the results of 2024 and we're looking forward to a good 2025.

Michael J. Harrison

Analyst, Seaport Global Securities

Q

Very helpful. Thanks.

Operator: Thank you. Your next question comes from Aleksey Yefremov with KeyCorp. Please go ahead.

Q

Thanks and good morning guys. This is [ph] Ryan (00:53:04) on for Aleksey. Just wanted to pull the curtain back a little bit on China autos. Obviously, you mentioned improvement in 4Q and discussed the increase in exports just overall during 2024. So wondering what you're hearing from customers at this stage and kind of what your expectation is here in 2025. Thanks.

Timothy M. Knavish

Chairman & Chief Executive Officer, PPG Industries, Inc.

A

Yeah. Hey, [ph] Ryan (00:53:25). Thank you for joining us this morning. Here's the most – one of the more exciting data points for us in our China auto business is the China – first of all, remember, China produces approximately one out of every three cars manufactured in the world. And yes, there's an export portion of that, but most of that is for domestic consumption. Great data point is that China Q4 retail sales were up 19% on autos. And this is an industry, and China certainly has its economic problems as we all know, but this is an industry that is very critical to the overall China economy and China employment. And so, it's one that gets help from the government and stimulus activity. And I'm confident that going forward, I believe there will be additional help in China from the government as we move toward through 2025 and into 2026.

So on the ground, our teams are telling us the China domestic market is doing well. We are gaining share with the domestic players. So historically, we've had a nice mix of the JVs of Western companies and China domestics. And over this last couple of years, we've really, really had a nice share gain with the Chinese domestics, including the one that everybody talks about. And so, you've got this combined effect of local consumption being pretty good and share gain of us with the winners on the ground in China auto.

Yeah. And just one last piece to that, [ph] Ryan (00:55:09), is the shine has certainly come off of the EV story globally. But EVs in China are now as – at the end of 2024, 37% of every car built in China. And so, yes, we won't see as many EV sales here in the US and Europe and other parts of the world, as what everybody thought two years ago. But within China, it's still a big growth market and that's more content for companies like PPG.

Operator: Thank you. We now have John McNulty with BMO Capital Markets.

John McNulty

Analyst, BMO Capital Markets Corp.

Q

Yeah. Good morning. Just a quick question on Comex. Just given how you've broadened it out in terms of the platform, can you help us to think about how much of the product that they're selling is tied to Mexico for Mexico versus export just to give us a little bit of color on potential tariff risk around that potential platform.

Timothy M. Knavish

Chairman & Chief Executive Officer, PPG Industries, Inc.

A

Yeah. Within maybe a couple of decimal points way to the right, it's 100% domestic use from what we distribute through Comex. I mean, I may be missing some small piece of metal that gets painted and comes across the border, but it is really immaterial.

Even the PMC parts of our business that we're now distributing into Mexico are for Mexico construction, for nearshoring, for data centers, automotive plants, industrial plants. Our traffic business that we're now running through those concessionaires is obviously for roads in Mexico. Our refinish that we've started to run through the networks are for collisions in Mexico of Mexican cars. So nothing that I can think of that Comex concessionaires distribute for us would end up being shipped back to the US. But I may be – again, I may be missing a fraction of a decimal somewhere, but I can't think of it.

Vincent J. Morales

Senior Vice President & Chief Financial Officer, PPG Industries, Inc.

A

And, John, I just want to pick up on those last three things Tim mentioned. We started an active program and the concessionaires are pulling through product in the middle of 2024, and it'll grow. One of our growth engines in 2025 is more through that world-class distribution network. I think we talked about it on the third quarter call, and that includes, again, protective coatings, really around the amount of capital structure being built in Mexico due to nearshoring.

Our traffic solutions products are world-class, and we're now pushing those through the concessionaire network, and the same with refinish. We have 5,200 distribution points. So that refinish product – these are all growth platforms for us in 2025 and frankly, beyond.

John McNulty

Analyst, BMO Capital Markets Corp.

Q

Got it. Appreciate the color.

Operator: Thank you. We have the next question from Steven Haynes with Morgan Stanley.

Steven K. Haynes

Analyst, Morgan Stanley & Co. LLC

Q

Hey. Good morning. Thanks for squeezing me in here. Just a quick one on the CapEx, \$750 million at the midpoint, yeah, a bit higher, I guess, than historically what you would be guiding to. And I think there's some catch-up in there, but how would we be thinking about that CapEx number kind of evolving over the next couple of years? Is this kind of the right range or would you expect it to step down or step up to help kind of fund growth initiatives from here? Thank you.

Timothy M. Knavish

Chairman & Chief Executive Officer, PPG Industries, Inc.

A

Thanks, Steven. I'm glad you asked it. It is not our aspiration to be spending CapEx at this level going forward, and it won't be. We will get back to our normal kind – you should think about 3% of sales as a normal run rate CapEx for us, which is what we did for a very long time. And then we stopped spending, frankly, in some COVID times for obvious reasons. So we do – some of what you're seeing in there in that elevated CapEx, honestly, both for 2024 and 2025 is, let's call it, catch-up for the COVID era.

But that we do have some kind of transitory incremental spend on a couple of key organic growth areas. Mexico, building a new resin capacity down there, because we need it, because we've grown so much. We've got some incremental CapEx in aero because we've got more orders than we can fill and you'll see some CapEx there. Refinish, a growing business for us. We've spent more CapEx – even in our US refinish factory, we've spent CapEx there. We've been investing in our digital capabilities, and we're now over \$1.3 billion of digitally enabled sales. So we've had some incremental there.

And then last one as far as – this wasn't – didn't impact us in 2024, but it will in 2025. As part of our self-help program, we're exiting some surplus capacity that we have in some higher-cost regions, particularly Europe. And as you go from, say, three factories down to one in a particular subregion, we've got to spend some CapEx at the one to get it ready to receive the volume coming from the other two. So thank you for the question because it's not

a number, it's a red number for us, but we believe it's good use of shareholder money; one, to catch up for what we didn't spend for a couple of years; and two, to drive organic growth and margin as we move forward.

Steven K. Haynes

Analyst, Morgan Stanley & Co. LLC

Q

Great. Thank you.

Operator: Thank you. Your next question comes from Laurent Favre with BNP Paribas.

Laurent Favre

Analyst, BNP Paribas SA (London Branch)

Q

Sorry, my questions have been answered. So thanks, and have a great day.

Operator: Thank you. We now have Laurence Alexander with Jefferies.

Daniel Rizzo

Analyst, Jefferies LLC

Q

Hi. This is Dan Rizzo on for Laurence. Thanks for fitting me in. If we think about the newly kind of formed architectural segment, how should we think about incremental margins in a recovery and how it compares to Industrial and Performance?

Timothy M. Knavish

Chairman & Chief Executive Officer, PPG Industries, Inc.

A

Yeah. So as a recovery, we'll get some good leverage and maybe Vince can try to estimate the quantification of it, but we'll get some good leverage, particularly in Europe, right? Because our Mexico – our business Global Architectural is almost all Mexico and Europe now, right? We have a small presence in – very small presence in China, almost negligible and a decent number two position in Australia, but relative to the other two, it's quite small.

So let's talk Europe. We will get fairly significant incremental leverage within – not volume uptick, just volume stabilization because of the self-help and pricing that we've done over the last couple of years, just a stabilization of volume we would view as a win. And then, of course, any uptick, we would get great leverage on.

On the Mexico side, really, it would just be approximation of the gross margin dropping to the bottom line because we're pretty well utilized down there. So there's not a tremendous amount of fixed cost leverage. It's mostly just the variable margin dropping to the bottom line.

Vincent J. Morales

Senior Vice President & Chief Financial Officer, PPG Industries, Inc.

A

Yeah, Dan, this is Vince. If you put some numbers to it and you look at our portfolio, to Tim's point, the architectural businesses, they typically have a higher gross margin, and they have a higher SG&A to support the feet on the street, the sales teams, et cetera. We are underutilized, certainly, in Europe. We don't need to add any SG&A for any of our businesses, any of our countries.

So that'll come through at close to gross margin, which is depending on the country, mid-40s to mid-50s. And Mexico, as Tim said, we are sold out. So we do have to add some commensurate cost, but most of the cost is

borne by the concessionaires on their dime, and they get the growth for that. So again, we're talking high incrementals relative to the company average.

Daniel Rizzo

Analyst, Jefferies LLC

Q

Great. Thank you very much. That was helpful.

Operator: Thank you. Your next question comes from Josh Spector with UBS.

Q

Yeah. Hi. Good morning. This is [ph] Lucas Bowman (01:04:56) on for Josh. I just wanted to ask about pricing. So, looking at the new segment structure, legacy performance pricing was up about 7% in the last two years. That was 5% in 2023, 2% in 2024. Could you give us the splits on the contribution there in 2023 and 2024 from the new Architectural and the new Performance segments? So, I'd assume Performance would be above Architectural, but correct me if I'm wrong.

And then just kind of what are you assuming there for each in 2025? And lastly, like, I mean, we have the history in Industrial, but just what are you assuming in Industrial for 2025, upside or downside? Thanks.

Vincent J. Morales

Senior Vice President & Chief Financial Officer, PPG Industries, Inc.

A

Yeah. This is Vince. So we're not going to give specifics by business. Just when you look at the segments, as we've said in the past, the Industrial segment, we get some – we'll certainly get some pricing if there's raw material inflation. That's typically comes on a lag, and then we get pricing above that for differential technology.

The Performance segment, and Tim said this in his opening remarks, it's a business where we heavily impact our customers' productivity. We get paid for that. They get paid for that. We typically see one of our better pricing segments there on a recurring basis. Some of that's perennial pricing.

And then, Global Architectural, it's really market by market and it depends what's happening competitively. We typically have the capability to more real time offset inflation and where we have differential products, where we have differential distribution and service capabilities, we price above that. So if we rack and stack them, Performance is typically the best pricing, Architectural is steady but good pricing; and Industrial, it depends on the environment.

Operator: Thank you. The final question on the line, unless you would like to ask [Operator Instructions] is Arun Viswanathan with RBC.

Arun Viswanathan

Analyst, RBC Capital Markets LLC

Q

Thanks for taking my questions. And I guess I got a couple of questions. So if you go back over the last couple of years, and I think we've often thought that maybe low-single-digit organic growth was in the cards, but then we have kind of seen a lot of volatility in the form of inflation and interest rates and many of the things you mentioned. So as look into 2025, I know you're guiding to a softer first half and a lot of that is reflected in your outlook. What would you say are some risks that you do see in front of you? It doesn't look like SG&A would be one of those. It

looks like you still have the \$100 million-or-so of share gains across Industrial and then the recovery there as well. But what are some of the risks that you guys are keeping an eye on that would kind of prevent you from achieving that growth rate of organic low-single digits? And as a follow-up, if you look into 2026, do you see any impediments to achieving that 8% to 12% EPS growth? Thanks.

Timothy M. Knavish

Chairman & Chief Executive Officer, PPG Industries, Inc.

A

So let me start, Arun. You mentioned history, and we didn't hit the low-single-digit organic growth this year. I think we hit 3%, if I remember correctly, in 2023. And this year, organic is about minus 1%, minus 2% all in, but all in includes FX and things like that. So the organic side of that was minus 1%.

This year, as we project to low-single-digits organic growth, that \$100 million that we've talked about earlier, that's not a hope and a prayer, those are deals that we've won. Now, there could be some variability in timing of execution of our customers' launches and things like that. But we feel confident about that. We have done a tremendous amount of work over the last two years of building our organic growth muscle across all of the businesses, and that is starting to deliver results. So I feel good about the full year guide for everything that's within our control.

I just can't tell you what – this is a strange geopolitical environment with postelections in many countries. We have really good plans and contingency plans for what we can do in the event of various scenarios, but at the end of the day, those would be the risks to achieving both 2025 and 2026, what's going to happen with all of the potential stressors between the United States and other countries, other countries in Europe. But with everything we know today, we are committed to our full year guide, and we feel good about what we have in our commercial and launch pipeline.

Arun Viswanathan

Analyst, RBC Capital Markets LLC

Q

Thanks.

Operator: Thank you. That does conclude the question-and-answer session, and I will now turn it back over to Alex Lopez.

Alejandro Lopez

Director-Investor Relations, PPG Industries, Inc.

Thank you, Brika, and thank you, everyone, for joining us this morning. We appreciate your interest and confidence in PPG. This concludes our fourth quarter earnings call.

Operator: Thank you. This does conclude today's call. You may now disconnect.

Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2025 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.