

Owens Corning NYSE:OC

FQ4 2024 Earnings Call Transcripts

Monday, February 24, 2025 2:00 PM GMT

S&P Global Market Intelligence Estimates

	-FQ4 2024-			-FQ1 2025-		-FY 2024-			-FY 2025-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	GUIDANCE	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS
EPS Normalized	2.91	3.22	▲10.65	3.53	-	15.51	15.91	▲2.58	16.31
Revenue (mm)	2771.80	2840.00	▲2.46	2875.54	2760.00	10991.75	10975.00	▼(0.15 %)	11896.16

Currency: USD
Consensus as of Feb-23-2025 7:56 PM GMT

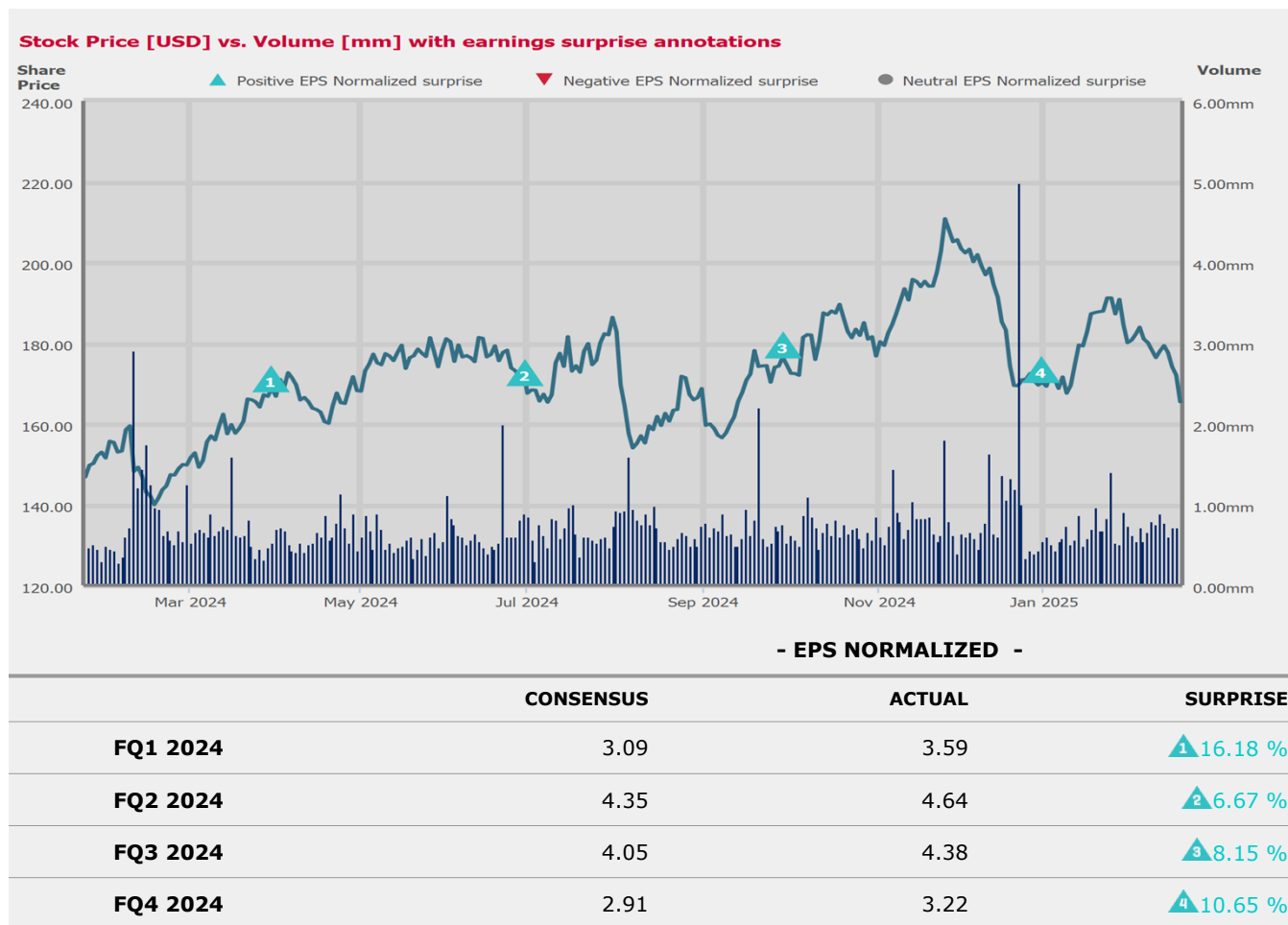


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Call Participants

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Presentation

Operator

Good morning, everyone, and welcome to Owens Corning's Fourth Quarter and Full Year 2024 Earnings Call. My name is Lydia, and I will be your operator today. [Operator Instructions]

I'll now hand you over to Amber Wohlfarth, Vice President of Corporate Affairs and Investor Relations. Please go ahead.

Amber Wohlfarth

Vice President of Corporate Affairs & Investor Relations

Good morning. Thank you for taking the time to join us for today's conference call and review of our business results for the fourth quarter and full year 2024. Joining us today are Brian Chambers, Owens Corning's Chair and Chief Executive Officer; and Todd Fister, our Chief Financial Officer. [Operator Instructions]

Earlier this morning, we issued a news release and filed a 10-K that detailed our financial results for the fourth quarter and full year 2024. For the purposes of our discussion today, we have prepared presentation slides summarizing our performance and results, and we'll refer to these slides during this call. You can access the earnings press release, Form 10-K and the presentation slides at our website, [owenscorning.com](https://www.owenscorning.com). Refer to the Investors link under the Corporate section of our home page. A transcript and recording of this call and the supporting slides will be available on our website for future reference.

Please reference Slide 2, where we offer a couple of reminders. First, today's remarks will include forward-looking statements that are subject to risks, uncertainties and other factors that could cause our actual results to differ materially. We undertake no obligation to update these statements beyond what is required under applicable securities laws. Please refer to the cautionary statements and the risk factors identified in our SEC filings for more detail.

Second, the presentation slides and today's remarks contain non-GAAP financial measures. Explanations and reconciliations of non-GAAP to GAAP measures may be found in our earnings press release and presentation available on the Investors section of our website, [owenscorning.com](https://www.owenscorning.com). For those of you following along with our slide presentation, we will begin on Slide 4.

And now opening remarks from our Chair and CEO, Brian Chambers. Brian?

Brian D. Chambers

President, CEO & Chair

Thanks, Amber. Good morning, everyone, and thank you for joining us today. During the call this morning, I will begin with a brief overview of our fourth quarter and full year 2024 results before providing an update on the key strategic choices we have made over the past year as well as future investments we are making to position Owens Corning for long-term growth. Todd will then discuss our fourth quarter and full year financial results in greater detail, and I will come back to share expectations for our end markets and outlook for the first quarter.

2024 was a transformative year for Owens Corning as we successfully executed 3 major strategic moves to reshape and focus the company on building products in North America and Europe, while consistently delivering higher, more resilient earnings and cash flow. In addition to the acquisition of Masonite, the sale of our building materials business in Asia and most recently, the sale of our glass reinforcements business, we also announced several capital investments to expand our capacity in highly profitable product lines that will further strengthen our market positions and drive organic growth.

While market conditions were mixed across our business segments during the year, the combined power of our enterprise resulted in revenue, earnings and cash flow growth. Through outstanding execution,

we have demonstrated that Owens Corning is a best-in-class building products leader that consistently delivers strong financial performance and is positioned for future growth.

Let me start a review of the quarter and the year with safety. In 2024, our team drove steady improvement of our already top-tier safety results through our Safer Together operating framework. Our recordable incident rate for the fourth quarter was 0.5, and we ended the year with a 25% reduction in injuries versus prior year. Since acquiring Masonite in May of last year, we've been working closely to integrate safety systems and processes, and have delivered a significant improvement in performance.

In addition to great safety performance, we also delivered strong financial results for the quarter and the full year. For the fourth quarter, we closed out the year delivering revenue of \$2.8 billion, up 23%, with an adjusted EBIT margin of 15% and adjusted EBITDA margin of 22%. Q4 marks our 18th consecutive quarter of delivering mid-teens or better adjusted EBIT margins and 20% or better adjusted EBITDA margins.

For the full year, we delivered revenues of \$11 billion, up 13%, adjusted EBIT of \$2 billion and adjusted EBITDA of \$2.7 billion, as each of our businesses delivered strong results relative to market conditions, including EBIT margin expansion in our core Roofing and Insulation businesses. Our consistent performance over the past several years demonstrates the structurally higher and more resilient earnings profile we have built for the company, creating a cash-generating engine that has allowed us to make strategic investments in our businesses and return significant cash to shareholders. During 2024, we returned 51% of free cash flow to our shareholders. 2024 also marked our 11th consecutive year of increasing our dividends. These actions demonstrate our commitment to a disciplined capital allocation strategy, all while continuing to invest in growth and innovation.

In addition to delivering strong financial results, we executed our enterprise strategy to reshape and focus Owens Corning as a leading residential and commercial building products company in North America and Europe. A key driver of our long-term performance has been our operating discipline to focus on products and geographies where we can build market-leading positions. In line with this disciplined approach, we executed 3 major strategic moves during the year.

First was our acquisition of Masonite. This acquisition expanded our portfolio of branded residential building products into a complementary category and was an important step in our long-term growth strategy. It has significantly expanded our addressable market and provides a great opportunity for us to create a scalable growth platform. We are seeing immediate benefits from the acquisition as we execute our integration playbook. By leveraging our enterprise scale, we are on track to achieve our synergy commitment in the first 2 years of ownership. Through our brand leadership, extensive customer and channel knowledge, manufacturing expertise and leading technology, we continue to see opportunities to drive both cost and revenue synergies on a path to achieving 20% EBITDA margins in the business.

The second major move was our decision to sell our building materials business in China and Korea. This divestiture simplifies our geographic footprint and supports our strategy to grow our building products businesses in North America and Europe.

Our third major move was the exploration of strategic options for our glass reinforcements business, which we recently completed with the signing of a definitive agreement to sell the business to Praana Group. As we shared at the start of the process, the glass reinforcements business primarily services industrial applications that are outside of our strategic focus to invest and grow in residential and commercial building products. The transaction is expected to close later this year, subject to customary regulatory approvals and other conditions.

In addition to these major strategic moves, we've been focused on strengthening and growing our core businesses by investing in new capacity and modernizing our manufacturing facilities. In Roofing, we recently announced our newest investment to expand our shingle capacity with the addition of a new laminate shingle manufacturing facility. This plant will operate a four-wide laminator, capable of producing around 6 million squares per year. The additional capacity will be used to service the continued strong demand for our products, including our premium Duration Shingles and support ongoing market growth in

the Southeastern U.S., which is the biggest asphalt shingle region in the country. We plan to announce the specific location for the new plant later this year, with production expected to begin sometime in 2027.

This new facility complements the other investments we have made to expand our shingle capacity, including our new laminated shingle line in Ohio, which is expected to start up midyear. We are also excited to begin capitalizing on our recently commissioned glass nonwovens line, creating incremental capacity to serve our growing Roofing business as well as other building product applications.

Within our Insulation business, we are also investing to increase production capacity and further strengthen our flexible, cost-efficient manufacturing network. In 2024, we announced the addition of a new fiberglass insulation production line in our Kansas City facility. Expected to be operational in 2027, the new line will give us the capability to rebalance our network and increase capacity to serve both residential and commercial applications. In addition, our new FOAMULAR NGX plant in Arkansas is expected to come online later this year to serve the growing demand for XPS insulation.

And in Europe, we are making good progress on converting our mineral wool plant in Sweden from coke-fired furnaces to electric melting. This move strengthens our market-leading position in the region, while improving manufacturing efficiency, reducing emissions and meeting our European customer needs. Collectively, these 3 investments will support growth of core insulation products while continuing to improve our winning cost position in the business.

As we invest for growth, we will continue to be disciplined capital allocators, focusing on markets and product lines where we can build leading positions through our unique capabilities. Over the past several years, we have proven our ability to grow our business while consistently enhancing shareholder value through our capital allocation strategy of returning approximately 50% of free cash flow to investors over time through dividends and share repurchases. As a result, in the past 3 years, we've more than doubled our quarterly dividend. And since 2020, we have bought back more than 20% of our outstanding shares. This demonstrates both the cash-generating power of Owens Corning and our disciplined approach to deploying capital. In summary, our teams achieved many accomplishments in 2024, delivering outstanding financial performance while reshaping the company as a focused building products leader in North America and Europe.

Before turning over to Todd, I want to thank our team for their tremendous work throughout 2024. We are proud of our achievements, which are also being recognized by others, including being named to The Wall Street Journal's top 250 Best-Managed Companies and earning a place on the Dow Jones Sustainability Index for the 15th consecutive year. These acknowledgments reflect the incredible effort and dedication that our team brings to work every day to help our customers win and grow in the market and drive the success of our company.

I will now turn it over to Todd to discuss our fourth quarter and full year financial results in more detail. Todd?

Todd W. Fister
Executive VP & CFO

Thank you, Brian, and good morning, everyone. As Brian mentioned, we finished the year with strong performance in the fourth quarter and outstanding results overall in 2024. We drove double-digit gains in top line sales, adjusted EBITDA and operating cash flow versus prior year.

Throughout 2024, the structural improvements we have made to the enterprise and the best-in-class commercial and operational execution from our team came through in our results. We have multiple paths to sustain our structurally higher EBITDA margins, deliver strong cash generation and return significant cash to shareholders by leveraging the strength of our Owens Corning operating model, delivering on the multiple organic investments in new highly efficient manufacturing plants and executing our strategic plans to deliver the full potential of the Doors business.

I'd now like to turn to Slide 5 to discuss the results for the quarter and the full year. In the fourth quarter, we delivered top line and bottom line growth. Adjusted earnings per diluted share for the fourth quarter were \$3.22, in line with the prior year. For the full year 2024, adjusted EBIT grew to \$2 billion and

adjusted EBITDA grew to \$2.7 billion. Our Roofing and Insulation business segments delivered robust year-over-year margin expansion, driving an adjusted EBIT margin of 19% and adjusted EBITDA margin of 25% for the company overall.

Our full year adjusted earnings per diluted share were \$15.91, up 10% from 2023. For the year, adjusting items, mostly noncash charges tied to the 3 major strategic moves we made this year, totaled approximately \$910 million and are excluded from our full year adjusted EBIT and adjusted EBITDA. They include \$483 million of asset impairment charges resulting from the strategic review of our glass reinforcements business; \$132 million of transaction and integration costs stemming from our acquisition of Masonite, which took place in May; \$91 million of charges associated with the announced sale of our building materials business in China and Korea; and \$86 million of charges associated with our ongoing cost optimization and product line rationalization actions.

Turning to Slide 6. Throughout 2024, we demonstrated the power of our cash generation and disciplined capital allocation strategy. At the end of the year, our net debt-to-adjusted EBITDA was below our target range of 2 to 3x, including taking on the additional debt from the Masonite acquisition, paying off \$400 million on our 2024 notes and meeting our commitment to return at least 50% of free cash flow to shareholders over time.

Strong earnings and continued discipline on working capital resulted in \$479 million of free cash flow in the quarter and \$1.2 billion of free cash flow for the year, an increase of over \$50 million from prior year. Free cash conversion was 89% of adjusted earnings. Full year capital additions were \$647 million, inclusive of \$73 million of capital expenditures related to the Doors segment.

Even as we make significant new organic investments in U.S. and European manufacturing capacity, we remain focused on capital efficiency through productivity and process innovations. As a result of strong commercial and operational execution, our return on capital was 16% for the year. At year-end, the company had liquidity of \$1.7 billion, consisting of approximately \$400 million of cash and \$1.3 billion of availability on our bank debt facilities.

During the fourth quarter of 2024, we returned \$152 million to shareholders through share repurchases and dividends, bringing the year-to-date total to \$638 million, or 51% of free cash flow. In December, the Board declared a cash dividend of \$0.69 per share, an increase of approximately 15%. Our commitment to our capital allocation strategy remains focused on generating strong free cash flow, returning approximately 50% to investors over time and maintaining an investment-grade balance sheet, all while executing on our business strategies to grow the company.

Now turning to Slide 7. I'll provide additional details on our segment results. The Roofing business finished the year with another quarter of strong demand for our shingles. Sales in the quarter were \$912 million, down slightly from prior year. We continue to see strong demand for our shingles and had positive price realization, inclusive of our August price increase.

The U.S. asphalt shingle market on a volume basis was up 1% compared to the prior year. The higher demand was primarily in Florida, the Southwest and the Southeast, driven by higher storm demand. Our U.S. shingle volume was in line with the market. Components volumes were down as attachment rates continue to normalize and distributors work through channel inventories of these products. This also was the last quarter with the year-over-year impact from the strategic exit of our protective packaging business. EBIT was \$280 million for the quarter, down slightly versus prior year. We saw higher manufacturing costs as we continue to invest in our assets to meet the high level of demand for our products. For the quarter, we delivered EBIT margins of 31% and EBITDA margins of 32%. For the full year, sales were \$4.1 billion, up slightly versus 2023. Our contractor engagement model continued to drive demand for our shingles, and we had positive price realization on our announced increases in April and August.

The U.S. asphalt shingle market on a volume basis was up 2% compared to the prior year. Storm-related demand remained above the long-term average. Our U.S. shingle volumes were relatively flat as we remain on planned availability throughout the year. The market continued to shift to a higher mix of

laminate shingles. We were able to serve more demand for these products as a result of investments in debottlenecking to create additional capacity, which delivered record laminate shingle production.

For the year overall, components volumes were down due to the normalizing attachment rates throughout most of the year. Volume also was impacted by the strategic exit of our protective packaging business. For the full year, EBIT was \$1.3 billion, up \$124 million versus last year. The increase was primarily due to positive price and favorable mix offsetting the components volume decline. The resulting EBIT margins for the year were 32% and EBITDA margins were 34%.

Now please turn to Slide 8 for a summary of our Insulation business. The Insulation business finished the year strong with its 15th consecutive quarter of 20-plus percent EBITDA margins. Q4 revenues were \$926 million, in line with prior year. We saw revenue growth in North America residential on continued realization on our midyear price increase. Volumes in residential were down slightly.

In technical and global, revenue was down. While strong execution resulted in growth for our fiberglass technical insulation products in North America, demand headwinds were fueled by a soft market environment outside of the U.S. Insulation EBIT for the fourth quarter was \$155 million, up \$5 million compared to prior year. We saw incremental manufacturing costs that was more than offset by positive price realization. Overall, Insulation delivered EBIT margins of 17% and EBITDA margins of 23% in the fourth quarter.

For the full year, Insulation net sales were \$3.7 billion, up slightly compared to prior year. Strong commercial execution delivered positive price realization overall, which was partially offset by the ongoing volume impact of weak international markets. EBIT increased \$63 million to \$682 million, with EBIT margins of 18% and EBITDA margins of 24% for the full year.

Moving to Slide 9. I'll provide an overview of the Doors business. Overall, the business performed well in a challenging market with volumes remaining relatively flat sequentially. In the quarter, the business generated revenue of \$564 million. This revenue includes the volume and price impact of the softer markets in North America and Europe. EBIT for the quarter was \$29 million, including \$18 million of impact from purchase accounting. EBITDA for the quarter was \$82 million. Overall, Doors generated an EBIT margin of 5% and EBITDA margin of 15% in the fourth quarter.

The integration is progressing very well. When we closed on the acquisition, we had line of sight to delivering \$125 million of enterprise synergies by the end of year 2 with about 1/2 hitting the Doors business. We are on track to meet or exceed the enterprise commitment. In 2024, we have recognized approximately \$30 million of OpEx and sourcing synergies in our consolidated P&L, which would run rate to about \$75 million annually. Since acquiring Masonite on May 15, 2024, the Doors segment has delivered \$1.4 billion of revenue and \$232 million of EBITDA.

Slide 10 provides an overview of our Composites business. Before I discuss the results, as Brian mentioned, we have successfully finished the strategic review of the glass reinforcements business and entered into an agreement to sell the business to Praana Group. The enterprise value of the business is \$755 million, and we expect net after-tax proceeds of approximately \$360 million, including \$225 million of notes to be issued to the company by the purchasers. We also expect to sell approximately \$100 million of excess metal alloy from the glass reinforcements business after closing. We will look to deploy the proceeds in line with our capital allocation strategy, investing to strengthen our existing businesses and return cash to shareholders.

With the conclusion of the strategic review, glass reinforcement results will be reported as discontinued operations. Our vertically integrated glass nonwovens business and our structural lumber business will operate within the Roofing segment. We also will continue to operate 2 glass fiber plants that supply nonwovens and external customers. These plants will operate and be integrated into the Insulation segment. These changes will be effective for 2025 reporting, and we expect EBITDA margins for the added revenue to be approximately in line with the overall segment margins. We will share more details on the comparable periods when we report Q1 results.

With glass reinforcements being reported as discontinued operations going forward, I will review the business results briefly. Sales for the quarter were \$515 million, in line with prior year. Nonwovens grew in the quarter with positive price and stronger demand in North America. EBIT for the quarter was \$47 million, up \$21 million from prior year. Overall, Composites delivered 9% EBIT margins and 18% EBITDA margins for the quarter. For the full year, net sales of \$2.1 billion decreased 7% compared to prior year. Nonwovens recognized positive price on stable volumes. EBIT for the year was \$215 million, a decrease of \$27 million from last year. Overall, Composites delivered 10% EBIT margins and 19% EBITDA margins for 2024.

Moving on to Slide 11. I will discuss our full year 2025 outlook for key financial items. General corporate expenses are expected to range from \$240 million to \$260 million. This increase includes our best view of expenses for the glass reinforcements business that will not be included in discontinued operations. We are early in the process and we'll provide updates as we work towards the close. Our corporate eliminations will also change with the re-segmentation. Nonwoven sales to shingles will now be eliminated within the Roofing segment, and the glass fiber sales to nonwovens will be eliminated at the corporate level. This should result in corporate eliminations of approximately 1/2 of what we sold in 2024.

Capital additions are expected to be approximately \$800 million. This level of capital investment reflects the strategic investments Brian mentioned in his opening. We have several multiyear organic investments to bring on new manufacturing capacity and drive long-term growth. This CapEx continues to include glass reinforcements. We expect CapEx to remain elevated in the near term as we progress towards completing the attractive, high-return capital-efficient projects we've discussed on this call, before CapEx is expected to return to levels in line with our previous guidance.

One other item I would like to discuss before turning the call back to Brian is a change in the primary measure we will use for year-over-year comparisons. Historically, we have used adjusted EBIT as our primary operational performance metric. Beginning in 2025, we will use adjusted EBITDA. This gives more visibility to the cash generation of Owens Corning and provides a more accurate view of operational performance without the impact of purchase accounting.

Now please turn to Slide 12, and I'll turn the call back to Brian to further discuss our outlook. Brian?

Brian D. Chambers

President, CEO & Chair

Thank you, Todd. Throughout 2024, our team delivered great results, demonstrating the strength of our market positions and impact of the strategic choices we have made over the past several years to position Owens Corning to deliver long-term growth, generate significant free cash flow and sustain higher margins.

Turning to our outlook. We expect our residential and commercial end markets to provide solid but mixed opportunities as we enter into the first half of 2025. In North America, we expect near-term demand for nondiscretionary repair activity, especially in Roofing, to remain stable; while residential new construction and other remodeling activity is expected to be weaker to start the year as interest rates remain elevated.

Commercial construction activity is also expected to start the year slower than prior year. And in Europe, we expect near-term market conditions to remain challenging but stable, similar to the second half of 2024. Within this environment, we still expect first quarter revenue for continuing operations to grow mid-20% compared to prior year's revenue of \$2 billion after adjusting for glass reinforcements. For EBITDA, we expect to deliver another strong quarter of low 20% for the enterprise.

Now consistent with prior calls, I'll provide a more detailed business-specific outlook for the first quarter. Starting with our Roofing business. We anticipate our revenue for the legacy Roofing segment to be in line with prior year. We expect ARMA market shipments to be flat to slightly down versus prior year. We anticipate our shipments to be relatively flat as distributors continue to see high demand for our products and are expected to build inventory of our shingles.

For components, we anticipate volumes in the quarter to be down versus prior year as we expect another quarter of attachment rates normalizing. We expect positive price from our previous announcements

to offset the revenue impact of lower components volumes. Compared to Q1 of last year, we anticipate higher manufacturing costs, which is being carried over from the end of 2024 as we invest in our assets to continue to meet the high level of demand for our products and absorb the cost of maintenance. Compared to Q1 of last year, we also anticipate input cost inflation.

In addition to shingles and components, as Todd mentioned, nonwovens and our structural lumber businesses will now be part of the Roofing segment going forward. With this change, we expect approximately \$130 million of additional revenue in the Roofing segment in Q1, at similar margins to the Roofing business. Overall for Roofing, we anticipate generating an EBITDA margin of approximately 30% in the first quarter.

Moving on to our Insulation business. We expect revenue for the legacy segment to be down slightly versus prior year, with ongoing price realization largely offsetting lower volumes. We expect the newly added glass fiber plants to add approximately \$30 million of revenue. In our North American residential insulation business, we anticipate revenue to be up slightly versus prior year. We expect carryover price realization from the June increase to be partially offset by lower volumes, as we work through slower lagged housing starts versus prior year and construction cycles returning to normal.

In technical and global, we expect revenue to be down modestly versus prior year, with lower volume partially offset by positive price. In North America, our top line is expected to be relatively stable; while in Europe, the market demand remain soft but stable sequentially. For the overall Insulation business in the quarter, we expect to incur cost inflation with price/cost remaining positive. Given all this, we expect to generate EBITDA margin for Insulation, including re-segmentation of low 20%.

Turning to Doors. The business continues to perform well relative to market conditions, with Q1 revenue anticipated to be down modestly versus Q4 on slightly lower price and volume sequentially. In addition, we anticipate ongoing synergies and cost controls to largely offset the tariff recovery we recognized in the fourth quarter. Overall for Doors in the quarter, we anticipate EBITDA margin of low double digits to low teens. With the re-segmentation, the results of our glass reinforcements business will be excluded from continuing operations.

One other item that could impact our results going forward is the implementation of additional tariffs. While the majority of our products are made with local materials and sold in local markets, we operate an integrated supply chain that spans Canada, Mexico and the U.S. that could result in additional costs. With that view of our businesses, I'll turn to a few enterprise items.

As I shared at the start of the call, 2024 was a transformative year, reshaping the company into a focused building products leader in North America and Europe. Through our unique enterprise capabilities, market-leading positions and consistent execution, we are positioning Owens Corning to continue to outperform the market. As we grow, we will continue to be disciplined operators, committed to strong cash flow generation and a balanced capital allocation strategy, returning at least 50% of free cash flow to shareholders over time.

Before moving on to the Q&A session, I'd like to highlight one other item from this morning's press release. We will be hosting an Investor Day at our world headquarters in Toledo, Ohio this May. As a new Owens Corning, members of our executive leadership team and I look forward to sharing more about our strategy and financial goals for the future.

In closing, I want to recognize the outstanding results our team delivered in 2024, while making significant strides to position OC for the future. We have built multiple paths to achieve 20% or more adjusted EBITDA margin, mid-teen returns on invested capital and significant free cash flow. As we begin 2025, we are focused on successfully integrating the Doors business, continuing to strengthen our core product lines and leveraging our enterprise scale and capabilities to help our customers win and grow in the market while creating value for our shareholders.

With that, we would like to open the call up for questions.

Question and Answer

Operator

[Operator Instructions] Our first question today comes from Anthony Pettinari with Citi.

Anthony James Pettinari

Citigroup Inc., Research Division

I was wondering if you could walk through maybe in a little bit more detail potential tariff impacts and the mitigation strategies that you referenced. And if there's any way to kind of quantify either percentage of COGS, percentage of sales or just any [indiscernible].

Todd W. Fister

Executive VP & CFO

Anthony, this is Todd. I appreciate the question. When we step back, we look at our execution over a longer period of time, the last 5 years, and we've been in a lot of different markets. We were in the COVID period where demand was really weak, the COVID period where demand was really strong. We had the supply chain challenges. We had an inflationary period. We had relatively mixed markets last year. And I think what you've seen from us is really consistent execution through all those periods, driving good, stable, high EBITDA margins as well as free cash generation.

When we look at tariff exposure, as Brian shared in his comments, we are mostly local for local. We produce with significantly local cost of goods sold for local customers. When we look then at what our tariff exposure could be, if we look at all of the discussed tariffs, so China, steel and aluminum as well as Canada and Mexico, to scope that, you're looking at 5% or less of our total cost for the enterprise.

So when we think about that, a lot of that is finished goods where we've got an integrated supply chain across North America, where we're supplying product from Mexico and Canada into the U.S. That's not really a big deal in our Roofing business. It's sort of a de minimis exposure in Roofing. So when you think about that COGS exposure or the cost exposure across the enterprise, it's about 2/3 Doors and then about 1/3 of Insulation.

And as I started with, our track record of execution is we're in dynamic markets. And as we face those dynamic markets, we use all the tools that we have available to us to offset that in the short run, in the long term and get back to market-leading margins. Appreciate the question, Anthony.

Operator

Our next question comes from Michael Rehaut with JPMorgan.

Michael Jason Rehaut

JPMorgan Chase & Co, Research Division

I wanted to focus on pricing trends as you see them coming out of 2024 and into '25, especially around your residential markets. I think there's been various amounts of concern regarding, as you kind of alluded to, the potentially softer start in some of the new res and repair/remodel segments.

How are you thinking about pricing power in 2025 particularly, I mean, across -- if you could kind of hit on Insulation, Roofing and Doors? And if there's any changes perhaps that you might be anticipating this year relative to the pricing power you've enjoyed over the last couple of years.

Brian D. Chambers

President, CEO & Chair

Okay. Thanks, Mike. I'll start, and maybe I'll have Todd join in as we walk through this. Just if I step back, I think we've had very good pricing trends in our core residential insulation businesses, our technical insulation business, our Roofing business, and we're stepping into the market now with the Doors

business. So I think across that, the product platforms, we have seen some mixed end market conditions through '24 and into '25, and that's probably leading to a little bit of mixed pricing trends that we're seeing.

But overall, I'd say within our Roofing business, we continue to see good demand for our products. We continue to bring great value to our customers. And so there, you've seen really positive price/cost over the last year through some of the price realization that we've gotten through the increases last year. We've got another one announced in April in Roofing. And given the strength of the market conditions we see in front of us, the strength of our product offering, we would expect to continue to see good realization there.

In the Doors business, I think we've seen a little bit choppy end markets. Overall, the pricing in the market is relatively stable as we start the year, which is good to see. Our pricing moves that we've seen a little bit of pricing headwinds that you're seeing in our outlook is really related to our focused moves to get our price points in the market in line with historic premiums that we've had in the market relative to our service, our quality and our innovation.

But in terms of stability in the market, we're seeing relatively good stability in the pricing. But some of the pricing moves we're making that we made in the back half of the year and in the fourth quarter, we're going to see some carryover effects as we get those price points stabilized in the market.

And then maybe I'll pass it over to Todd who can talk a little bit more about some of the pricing trends in the residential markets.

Todd W. Fister
Executive VP & CFO

Mike, this is Todd. I appreciate the question. So when we step back and look at res in Insulation, we've said before, we think the industry can serve a market around 1.4 million to 1.5 million housing starts. And that was before we saw the big shift towards single family from multifamily. And when we look at single family, we see about 30% higher take per unit for a start than with multifamily.

So we're in a market where we're still seeing good demand trends. Recent starts activity has been right around that level of 1.4 million to 1.5 million. And we think utilization is still at healthy levels for the industry. Our estimates would be in Q4, we were into the high 90% range of utilization for Insulation in these markets.

So we had positive price in Q4. Our guide for Q1 is positive price in res insulation. We know how to navigate through markets like these where there is a bit of noise from builders and others right now as we start the year, but that's not uncommon in res. We'll execute the way we have been in these markets to make sure we drive the right price points in the market for the year. I appreciate the question, Mike. Thank you.

Operator

Our next question comes from John Lovallo with UBS.

John Lovallo
UBS Investment Bank, Research Division

The question is, I guess, Roofing will include about \$130 million of revenue from structural lumber in nonwovens and Insulation, about \$30 million from the glass fiber plants. How do we think about the cadence of that as we move through the year? Should we expect the revenue contribution to just step up seasonally? Or what's the right way to think about that?

Brian D. Chambers
President, CEO & Chair

Yes. Thanks, John. I think you can think about the revenue in that side of the business as being fairly consistent across the year. There's a little bit of seasonality on the nonwoven side that we see in the fourth

quarter because some of that production is tied to Roofing demand, which tends to slow down a little bit in the fourth quarter on seasonality. But overall, you could kind of look at those revenue guides as pretty ratable in terms of quarterly guides going forward in the business. And then the margin profile is going to stay again very consistent with the underlying businesses that we've attached those to.

So maybe a little bit of color on why we're doing that and how that's setting up. When we go back and talk about the Composites business overall when we announced our strategic review, that was really focused on the glass reinforcements business, more industrial base, not really fitting in the long-term strategy of the company to focus on building and products. So when we look at the nonwovens, lumber, those businesses are very focused in building products. It gives great capabilities in the Roofing business with a vertical integration play. The lumber business uses distribution partners and a go-to-market strategy very similar to shingles. So we thought bringing the nonwovens and lumber business into Roofing gives us great operational efficiencies and great commercial opportunities to kind of expand the growth of those product lines.

But then in the nonwovens business, we make a specialty fiber called WUCS. We have 2 facilities in North America, and we wanted to maintain that vertical integration supply chain for supply security because the WUCS and nonwovens is so critical to the support of our Roofing profitability. So -- but those are glass melting operations, we felt those were best served operationally to sit inside our Insulation business.

So I think there's an operational and commercial rationale for why we place these businesses with Roofing and Insulation. And again, I think what you're seeing in our guide and our outlook is that these are going to be businesses that generate margin profiles very similar to the underlying Roofing and Insulation businesses that they're sitting in. So we think they're going to be a good fit operationally and give us good margin stability going forward in the businesses.

Operator

Our next question comes from Sam Reid with Wells Fargo.

Richard Samuel Reid

Wells Fargo Securities, LLC, Research Division

I wanted to touch on some of the Medina capacity that's coming on online later this year in Roofing. And specifically, can you talk to the margin lift from mix that should come from incremental laminate capacity, I think, especially if some of that is replacing some lower-margin strips single capacity that's coming offline?

Brian D. Chambers

President, CEO & Chair

Thanks, Sam. Yes, we've not really gotten into the details of splitting margin profiles, performance between strips and lams, but you're absolutely correct in saying that we would expect to see a positive mix shift with more laminate sales. And in fact, that's been a driver to the margin performance in the business over the last several years. And our ability to raise the margin outlook and sustain the margins we have today is that mix of laminate shingles relative to strips, the mix of components. So there's a few factors inside the mix where we don't get specific, but in terms of the strip-to-lam differential, but it does bring a higher profile. And we're seeing this as a mix shift overall in the market. I've talked about this in the past few calls.

And when we look overall on the market dynamics, we've kind of seen this 1 point, 1.5 point mix shift from strips to lams in the industry. And that's really why we've been investing so heavily to find additional throughput in our existing network, to find additional lam capacity and why we've made the decision to convert the Medina facility from strip to lam.

So to your point, that facility, we expect to be coming online midyear. That's going to bring about [indiscernible] additional laminates, so that will rank up and rate up through the back half of this year and then full production into next. So that gives us a great platform in terms of growth in the Midwest with a product offering that we need more capacity to service the customer demand.

Operator

Our next question comes from Matthew Bouley with Barclays.

Matthew Adrien Bouley

Barclays Bank PLC, Research Division

So I wanted to ask on the new Roofing capacity of the new plant. So I guess in an industry that is also adding capacity beyond your own over the next couple of years, depending on where we go with industry volumes over these next couple of years, it would be helpful if you could give us some perspective on how do you think about kind of that -- the impact of new capacity on the Roofing industry margins and Roofing industry price? And kind of how you think about the incentives of getting plant utilization to a certain level?

Brian D. Chambers

President, CEO & Chair

Okay. Yes. Let me walk through, first, I guess, our view on why we're adding capacity, then I can touch on the industry side. For us, we're very excited to be adding a new plant in the network. As I mentioned in talking with Sam, the teams have done great work, I think, to increase the efficiencies of our existing network. But even through all of those capacity increases in terms of the lam production that we're opening up, we still continue to run full out. We still have extended service cycles, and we have very limited opportunity to continue to service the growth we're seeing for our product platforms.

So we're excited to be adding into the Southeast. It is the largest asphalt shingle market in the country. And when you look at population trends into the Southeast, we think that just continues to grow. It's also a market that sees quite a lot of storm activity. And while that's not easy to predict, when you think about the incremental storm demand that gets created pretty frequently, right now, we have very limited capacity with our 3 plants that are in the region today to service any of that incremental demand. So that would give us opportunities to service more incremental storm demand as we see moving forward.

And then lastly, for us, it really gives us enough of a capacity platform in that region that we can start looking at potentially servicing other regions in a different way. So we can change service cycles that create additional capacity up in the Midwest into the Southwest. And that gives us a lot of opportunities. And our view when we look at the additional capacity in the newer network, if, to your point, volumes start to trend down at some point in the future, the Roofing production process is a material conversion business. So it gives us the ability to flex our production to the most efficient manufacturing platforms. And that might be now to a newer asset.

So I think we -- it allows us to optimize our network in new and very efficient ways with this additional capacity that we can balance out any kind of market fluctuations over the future years. When I think about how that sets into the industry capacity, there has been a lot of industry capacity announced. I would say our view is that, that's not all incremental capacity. We know some of the manufacturers that have made these announcements are also taking more inefficient or older assets out of their networks and replacing that. And some of that's regulation driven. Some of that is just, I think, cost and efficiency driven. So I don't think all the announcements are generally adding up to all incremental capacity because of some of the capacity that's going to be taken out.

But even again, said that, if you look at some of the industry capacity that's been added over the last 4 or 5 years, I think you've not seen really any impact in terms of the demand structure, the pricing structure, the margin profile of our business as a result of that. And that goes back to, again, Roofing is a material conversion business. So the fixed cost, the labor costs are fairly low. You can flex these lines very cost efficiently and still generate very, very good margins in the business.

So we feel good about the add for us in terms of servicing our customer demand, and our customers have been very pleased with this announcement to bring capacity to service their needs. And we think it gives us great flexibility over time to continue to generate great margins, but also service some incremental volumes that we just haven't been able to get to over the last few years.

Operator

Our next question comes from Stephen Kim with Evercore.

Stephen Kim

Evercore ISI Institutional Equities, Research Division

Thinking on the utilization rates, Insulation, I think you indicated that utilization rates of that were in the high 90s in the fourth quarter. I believe that was for fiberglass in North America. Can you talk about what utilization rates look like across your technical footprint?

And then also with the glass plants that you're transferring to the business, the glass melters, I guess, I mean. Can you give us a sense for what the annual D&A looks like associated with those 2 facilities? And I think you said that margins are going to be pretty similar. I was just wondering because in the Roofing side of the business, your margins are so high. I just want to make sure that we kind of have a sense. Are you talking within a couple of hundred basis points here? Or does similar mean something much broader than that?

Todd W. Fister

Executive VP & CFO

Thanks for the questions. Let me start with the question around what we're seeing within technical and global insulation.

So when we look at North America, the bulk of that business in North America actually uses similar assets to what we have on the res side. So we are seeing relatively healthy and attractive utilization rates on North America fiberglass as well. When you look at technical and global, the areas we've seen a lot of weakness really are the international markets, especially Europe and Asia. Clearly, we have an announced transaction to divest of Asia. So Europe really is our remaining big global exposure for technical and global.

When we look at that business, our team has performed extremely well in difficult market conditions. Since we saw the Ukraine war begin, we've seen demand be soft in Europe. And our team has been laser-focused on the cost structure and the cash generation potential of that business, really repositioning it for the market conditions that we're in. And they've done a phenomenal job with that over the last couple of years.

So we are in a position where there is excess capacity in Europe in stone wool. And when that market comes back, we are really well positioned then to take advantage of really attractive incremental margins in Europe on the basis of all the work we've done in the last couple of years and weaker market conditions to take full advantage of it.

When you look at the second question you had around re-segmentation and what it means for the different businesses, when you look at the 2 WUCS plants that Brian mentioned that we're adding to the Insulation business, you can think of the D&A structure of that as being pretty similar to overall Composites.

When you look at the nonwovens plants, we have invested a lot of capital in that business the last few years to add capacity because those are growing, very attractive markets for us. But the structural requirements for CapEx going forward for nonwovens look more like the Roofing business in terms of these assets being placed and then they don't require ongoing rebuilds in the kind of heavy maintenance cycle we would see in our glass melting or stone melting facilities, which is part of the logic of why we integrated those into the Roofing segment.

So there is a bit more D&A today for nonwovens as a result of the investments that we've made. But you should not read anything into that in terms of the ongoing capital intensity or rebuild cycle because it's very, very different for those assets than traditional glass melting assets. Thanks, Stephen.

Operator

Our next question comes from Brian Biros with Thompson Research.

Brian Biros

Thompson Research Group, LLC

On the R&R side, I guess, R&R demand becomes a little bit better for the year or just whenever, they start to pick back up. That should be a boost to the Doors segment just given the R&R aspect there. How are you guys thinking about price versus volume and share gains for the Doors segment when R&R returns to growth?

Brian D. Chambers

President, CEO & Chair

Yes. Thanks, Brian. I think we're looking for that kind of rebound in recovery as we move into 2025 across the board. Because as you know, the business, our Doors business is pretty evenly mixed between new construction and R&R activity, a little bit more slanted towards new construction but a big part in the R&R front. We've seen that fairly weak through 2024, and we do expect that to improve as we go through the year.

So when we think about that price/volume share, I think I would say, look, we are applying the same operating model in our Doors business that we've been successfully running inside our Insulation business and inside our Roofing business, which is a focus to grow the business by starting with being very customer-centric and focus on how we can help our customers win and grow in the market. We're focused on increasing product and process innovation that brings new products to market and drives efficiency, and we're focused on great manufacturing performance: service, quality, cost competitiveness.

So when we think about how we're going to manage as we go forward in the business, we want to start with we want to drive customer growth through our products, through innovation, through our service, through our quality, and that's the playbook that we've been running. And we're seeing some momentum starting to pick up with that playbook.

Our volumes in Q4 were a little better. Our commercial teams have done great work, really building and strengthening our distribution partnerships. We're looking at investments in terms of downstream pull-through activities with lumber dealers and other customers. We're focused in on the home centers in terms of driving our service proposition. So I think we're going to be focused always on pricing to value, and we carry a price premium today based on our value proposition that we think is going to continue.

But we're going to stay focused on winning with our customers. And we think as the markets recover, that's going to drive good volume growth for us and good margin improvement for us as we go forward.

Operator

Our next question comes from Trevor Allinson with Wolfe Research.

Trevor Scott Allinson

Wolfe Research, LLC

First, going back to Roofing margins in 2025, maybe excluding any impact from the nonwovens. You've got a couple of price increases in 2024 that carry over. You've got another one for April. You did mention some cost inflation, but you're also expecting to be price/cost positive.

So should we think about pretty healthy core Roofing margins year-over-year as we go into 2025? Or are there any other notable offsets we should be considering?

Brian D. Chambers

President, CEO & Chair

Yes. Trevor, now I think you're thinking about it the right way. I think we're set up for another very good year in Roofing. You've outlined the price carryover we're seeing. We are going to -- and we expect to see more inflation in the year than last year. So we're expecting that as we're starting the year, we're starting to see those come through. So there's a little bit of inflation headwinds. And we're also seeing some

investment headwinds in just some of the upgrades to the facilities that we're going to see. So probably some increased maintenance and potential downtime as we continue to just make those adjustments to improve the efficiency and lam capacity on the existing networks.

But I think overall, you've got it dialed in. The first quarter, probably a little bit of headwind we're still seeing is in the components volume. And this, again, is just the last quarter that I would expect us to see that kind of year-over-year negative comp. The run rate of our components volumes and the attachment rates have been very consistent Q2, Q3, Q4 of last year. They're holding up as we start the year. So there's nothing underlying a decline in component volumes. It's just we were resetting off a very strong year in 2023, where there were some supply shortages that we thought caused some purchases that aren't repeating.

But that's kind of the only near-term headwind here in Q1 that we're seeing in terms of some of the lower volumes. But outside of that, as we move through the rest of the year, we see good demand on the repair side, the R&R side. We got some storm carryover that we're bringing into the year. So I think we're set up for a good first half.

Operator

The next question comes from Philip Ng with Jefferies.

Philip H. Ng

Jefferies LLC, Research Division

Doors is still a very new business for me. So I just wanted to drill down on that a little bit, Brian. I think if I heard you correctly, you're dialing back some of your pricing to kind of be more in line with the broader market. And when I look at your margins, you're guiding it to drifting closer to low teens to low double digit from mid-teens.

So I guess my question to you is what's your path to getting margins back to mid-teens this year? And I believe that business probably has a little more risk as it relates to tariffs. Just help us understand the Colombian lumber exposure. Do you have any of that? Any hardware to -- that gives me some concerns about costs being a little more elevated, pricing a little more challenged. Just kind of help us think through the path for profitability in that Doors business this year.

Brian D. Chambers

President, CEO & Chair

Yes. Thanks. So let me start with the back end. We're not terribly exposed to a lot of input materials. We've reshuffled the supply chain. So nothing out of Colombia lumber, things like that. We're not seeing that. We've really kind of dialed in most of our input materials being in local supply. We're still bringing some in from Asia, but that's not any major concern in terms of driving additional tariff inflation.

What Todd said, and this is important to call out, though, we do operate a very integrated supply chain for finished good materials inside the Doors business particularly, where we will do production in Monterrey, Mexico, and we'll bring that into the U.S. We'll do production in the U.S., bring it into Canada and vice versa. So where our exposure is, is going to be in finished goods, not input materials. And that's why we're more exposed in Doors because of that integrated supply chain we've built. And then we're also exposed in Insulation on that because also that integrated supply chain where we move finished good products across border pretty seamlessly to service our customers. So that's going to be a little bit longer-term issue if those tariffs come in, in terms of how we offset those.

But having said that, I think the underlying fundamental of the business that we're seeing now that's kind of stepping down margins is a little bit of just the volume headwinds. So our path to improving margins is consisting of, one, we continue to drive the integration synergies. And we're seeing that across the board, particularly on sourcing and OpEx savings as we bring the business together. So that's a source of just cost savings that we continue to see ramping up that's going to drop through to the bottom line.

We also are starting work around our network optimization. You would have seen in the K, we've shut down one small facility in Chile. And we're looking at other facilities in terms of how we can optimize this production network very similar to the work we've done inside Roofing and Insulation. And we see a big opportunity. That's going to take us a little bit of time, but that would be a next big opportunity that we see in terms of cost synergies.

And then third on the -- would be on the revenue front. And that's going to be really a lever of volume because we've got a cost basis that's very solid that we're reducing and improving. That's going to give us great operating leverage once we see volume starting to come back, which we do expect through the course of this year, we're going to see new construction grow, we're going to see R&R grow. And the volume leverage, the incremental margin on that is going to be stronger than historic given the cost work we have done. So we think that's an opportunity.

And then we're just really in the early innings starting to look at how we can be stronger across our distribution network with bringing the full suite of Owens Corning products to them, how we're thinking about downstream pull-through with our contractors today that are exterior contractors that use doors and roofing and how can we expand the offering, our lumber dealers that are using our multiple products. So I think we've got a couple of paths that we're just starting in terms of the commercial efforts to not only see the recovery of volumes to a market recovery, but also some of the work we can do to create a stronger customer partnership and potentially get some additional volumes as we go through the year.

So it's cost focus in the near term, I'd say, Phil, and then we see the opportunities for revenue synergies as we go through this year and into next year as we build that path to 20% EBITDA margins.

Operator

And our next question comes from Garik Shmois with Loop Capital.

Garik Simha Shmois

Loop Capital Markets LLC, Research Division

I had a question just on the CapEx increase for '25. I was wondering if you could speak to what's incremental this year? And what would be a good maintenance CapEx figure to use when considering the divestment of the -- what was a highly capital-intensive GR business?

Todd W. Fister

Executive VP & CFO

Thanks, Garik. I'll take that. So when we look at the step-up in CapEx this year, it's really driven by the increase in the major projects that we've discussed on the call for growth, for productivity, for sustainability investments that position us for further earnings growth and cash flow growth in the future. So in the near term, we would expect this stepped-up level to continue as many of these projects are multiyear projects from start to finish.

Long term though, I would go back to the guidance that we've consistently given externally, which is we want to build a business that structurally is in the 4% to 5% of sales range in terms of ongoing CapEx. We've added a Doors business that is very capital efficient. And we're really going to like the cash flows of that business as the markets improve and the volume returns because the ongoing capital requirements are really modest. And we're under contract to sell the most capital-intensive piece of our business, the glass reinforcements element.

So when we look at that, we think that plus the investments that we're making in a very modern fleet of assets, position us for attractive ongoing capital requirements as we go forward. We just have to work through this near-term period as we wrap up some of those major projects. Thanks, Garik.

Operator

We're now out of time for further questions. So I'll pass back to Brian Chambers for any closing comments.

Brian D. Chambers

President, CEO & Chair

Okay. Thanks, Lydia. I'd like to thank everyone for making time to join us on today's call and for your ongoing interest in Owens Corning. We look forward to speaking with you again on our first quarter call, and I hope everyone will be able to join us at our Investor Day in May in Toledo. Thanks.

Operator

This concludes today's call. Thank you for joining. You may now disconnect your lines.

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