



Lennox Announces 2023 Financial Guidance and Long-Term Targets for 2026

December 14, 2022

DALLAS, Dec. 14, 2022 /PRNewswire/ -- Lennox International Inc. (NYSE: LII), a leader in energy-efficient climate-control solutions, today announced 2023 financial guidance and long-term financial targets for 2026.

For the full year of 2023, the company expects:

- Core revenue growth of 0-4%, excluding the impact of the planned divestiture of the European operations
- GAAP and adjusted EPS of \$14.25-\$15.25
- Corporate expenses of approximately \$80 million
- Interest expense of \$55-\$60 million
- An effective tax rate of 19-21% on an adjusted basis
- Capital expenditures of approximately \$250 million, including investments in the new Commercial manufacturing facility and investments for the upcoming refrigerant regulatory transition
- Cash from operations of \$500-\$600 million and free cash flow of \$250-\$350 million
- Stock repurchases of \$100-\$200 million
- A weighted average diluted share count of 35-36 million shares

The company also introduced its long-term financial targets for 2026:

- Core revenue of \$5.0-\$5.5 billion
- EBIT return on sales margin of 18-20%
- Free cash flow 90-100% of net income on average for 2023-2026

CEO Alok Maskara said, "For 2023, Lennox expects residential unit softness to be overcome by the cumulative impact of price, mix and productivity to deliver growth in revenue, margin and EPS. The cash flow forecast accounts for technology investments and additional commercial manufacturing capacity to deliver on our core value of excellence when serving our customers during the upcoming A2L refrigerant transition."

Maskara added, "The forecasted lower annual corporate costs reflect the G&A benefit of consolidating into two operating segments and the planned divestiture of European operations. For 2026, the forecast margin strength is the result of manufacturing productivity initiatives, engineering and sourcing-led cost-reduction efforts to further reduce product costs, and leveraging SG&A while continuing to offset inflation with price. The overall outlook reflects the benefit of our sharp focus on the North American end-market."

LENNOX 2022 INVESTOR DAY

As previously announced, Lennox is hosting its 2022 Investor Day in New York City today, December 14, 2022. A live webcast, starting at 9:00 a.m. Eastern time, and presentation materials are available on the company's website at www.lennoxinternational.com. The event also will be archived on the website and available for replay.

ABOUT LENNOX

Lennox is a leader in energy-efficient climate-control solutions. Dedicated to sustainability and creating comfortable and healthier environments for our residential and commercial customers while reducing their carbon footprint, we lead the field in innovation with our cooling, heating, indoor air quality, and refrigeration systems. Lennox stock is listed on the New York Stock Exchange and traded under the symbol LII. Additional information on Lennox is available at www.lennoxinternational.com or by contacting Steve Harrison, Vice President, Investor Relations, at 972-497-6670 or Mary Ellen Mondt, Vice President, Marketing & Communication, at 972-497-5410.

FORWARD-LOOKING STATEMENTS

The statements in this news release that are not historical statements, including statements regarding the 2023 full-year outlook and expected consolidated and segment financial results for 2023, as well as financial targets for 2026, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements are based on information currently available as well as management's assumptions and beliefs today. These statements are subject to numerous risks and uncertainties that could cause actual results to differ materially from the results expressed or implied by the statements, and investors should not place undue reliance on them. Risks and uncertainties that could cause actual results to differ materially from such statements include risks that the North American unitary HVAC and refrigeration markets perform worse than current assumptions. Additional risks include, but are not limited to: the impact of higher material prices, availability and timely delivery of raw materials and other components, the impact of new or increased trade tariffs, LII's ability to implement price increases for its products and services, economic conditions in our markets, regulatory changes, the impact of unfavorable weather, a decline in new construction activity resulting from increased interest rates or otherwise and related demand for products and services, and any resurgence of the Covid-19 pandemic and its economic impact on the company and its employees and customers. For information concerning these and other risks and uncertainties, see LII's publicly available filings with the Securities and Exchange Commission. LII disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

 View original content: <https://www.prnewswire.com/news-releases/lennox-announces-2023-financial-guidance-and-long-term-targets-for-2026-301701833.html>

SOURCE Lennox International Inc.