



## Lennox Reports 2026 First Quarter Results

### Highlights

(All comparisons are year-over-year, unless otherwise noted)

- Revenue \$1.1 billion, up 6%
- GAAP Operating Income \$164 million, down 3%
- GAAP diluted EPS \$3.35, down 8%
- Maintaining full year EPS guidance range of \$23.50 - \$25.00

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**DALLAS, April 29, 2026 – Lennox (NYSE: LII)**, a leader in energy-efficient building and home comfort solutions, today reported first quarter financial results with \$1.1 billion of revenue, \$164 million of operating income, and \$3.35 GAAP diluted earnings per share.

Revenue increased 6% to \$1.1 billion. Total segment profit<sup>1</sup> was \$164 million, down 3%. Total segment margin<sup>1</sup> was down 130 basis points to 14.4%. Adjusted diluted earnings per share decreased 8% to \$3.35.

“Our results this quarter were supported by stabilizing end-markets and encouraging momentum across our strategic initiatives, including the integration of Duro Dyne and Supco. We remain confident in our strategy to deliver long-term shareholder value through differentiated growth and bolt-on M&A opportunities,” said CEO, Alok Maskara. “While macro uncertainties persist, we are focused on productivity measures, supply chain optimization, and thoughtful pricing actions to offset inflationary pressures.”

In Home Comfort Solutions, industry conditions started stabilizing during the first quarter, as expected. Revenue declined by 10%. While the segment experienced continued softness across both the one step and two step channels, this is a sequential improvement from the 21% decline in the fourth quarter. One-step results continued to be impacted by weak new home construction, while sentiment in the two-step channel improved as distributors began to restock ahead of the summer season. Segment margins declined 390 bps primarily driven by inflation and unfavorable absorption, partially offset by positive mix and price, acquisition contributions, and disciplined cost actions.

The Building Climate Solutions segment delivered another strong quarter, with organic sales increasing 26% and acquisitions contributing an additional 12% of growth. Segment margins improved by approximately 300 basis points, largely driven by volume improvement, including contributions from national account activity. Emergency replacement activity remained strong, and there were new national account wins across both equipment and service. As inventory levels normalize, the resulting absorption impact was partially offset by productivity and manufacturing efficiency improvements.

<sup>1</sup> Includes unallocated corporate expenses

## FIRST QUARTER 2026 FINANCIAL HIGHLIGHTS

(All comparisons are year-over-year, unless otherwise noted)

**Revenue:** \$1.1 billion was up 6%, driven by revenue from completed acquisitions.

**Operating Income:** \$164 million, down 3%, with operating profit margin of 14.4%, down 130 bps.

Total Segment Profit<sup>1</sup>: \$164 million, down 3%, and total segment profit margin of 14.4%, down 130 basis points primarily driven by \$32 million decrease from lower sales volumes; \$31 million product cost primarily related to recent inflationary impacts and factory under absorption; and, \$14 million of SG&A and distribution inflation and investments. This was partially offset by \$63 million of mix/price benefits and \$9 million from completed acquisitions.

**Net Income:** \$117 million, or \$3.35 per share, compared to \$130 million, or \$3.63 per share, in the prior-year quarter.

Adjusted Net Income: \$117 million, or \$3.35 per share, compared to \$130 million, or \$3.63 per share, in the prior-year quarter.

**Cash Flow:** Operating cash flow was \$16 million compared to \$36 million cash used in the prior-year quarter driven by less inventory growth. Net capital expenditure was \$55 million compared to \$25 million in the prior-year quarter. Share repurchases totaled \$20 million.

**Home Comfort Solutions:** Business segment revenue was \$650 million, down 10%. Segment profit was \$87 million, down 30%, and segment margin was 13.3%, down 390 basis points. Segment profit declined \$37 million compared to the prior-year quarter. The decrease was driven by lower sales volumes, resulting in a \$56 million profit headwind, along with \$23 million of product cost inflation and lower factory absorption and \$1 million in other costs. This was partially offset by \$41 million in mix/price benefits and \$2 million from completed acquisitions.

**Building Climate Solutions:** Business segment revenue was \$485 million, up 38%. Segment profit was \$96 million, up \$37 million or 63%, and segment margin improved 300 basis points to 19.7%. This increase reflects a \$24 million profit benefit from higher sales volumes, \$22 million in mix/price benefits, and \$7 million from completed acquisitions. This was partially offset by \$8 million in product cost inflation and lower factory absorption; and \$8 million from other costs, including SG&A and distribution inflation and investments.

**Corporate and Other:** Corporate expenses were \$19 million, up \$4 million from the prior-year quarter.

<sup>1</sup> Includes unallocated corporate expenses

## **FULL YEAR 2026 GUIDANCE**

For full year 2026, we are updating revenue growth guidance to approximately 8%, including 4% benefit from completed acquisitions.

Earnings per share is still expected to be within the range of \$23.50 to \$25.00.

Free Cash Flow is still estimated to be within the range of \$750 million to \$850 million.

## **CONFERENCE CALL INFORMATION**

A conference call to discuss the company's first quarter results will be held this morning at 8:30 a.m. Central Time. To participate in the earnings conference, please call 800-267-6316 (U.S.) or +1 203-518-9783 (international) at least 10 minutes prior to the scheduled start time and use conference ID LIIQ126. The conference call also will be webcast live on the company's investor relations web site at [investor.lennox.com](http://investor.lennox.com). A replay of the conference call will be available until May 6, 2026, by calling toll-free 800-388-6197 (U.S.) or +1 402-220-1115 (international). The call will also be archived on the company's investor relations website at [investor.lennox.com](http://investor.lennox.com).

## **ABOUT LENNOX**

Lennox (NYSE: LII) is a leader in energy-efficient building solutions and is committed to creating healthier and more comfortable environments. Serving residential and commercial customers, the company delivers innovative heating, cooling, indoor air quality, refrigeration, and water heating systems. Through trusted products, parts, and services, and advanced technology, Lennox delivers connected solutions that support the full lifecycle of customer needs. Additional information on Lennox is available at [Lennox.com](http://Lennox.com) or by contacting [investor@lennox.com](mailto:investor@lennox.com).

## **FORWARD-LOOKING STATEMENTS & NON-GAAP FINANCIAL MEASURES**

The statements in this document that are not historical statements, including statements regarding the 2026 full-year outlook and expected consolidated and segment financial results, as well as financial targets for future years, 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 HVAC and refrigeration markets perform worse than current assumptions. Additional risks include but are not limited to competition in the HVACR business; our ability to successfully develop and market new products or execute our business strategy; our ability to meet and anticipate customer demands; our ability to continue to license or enforce our intellectual property rights; our ability to attract, motivate, develop, and retain our employees, as well as labor relations problems; artificial intelligence technologies; a decline in new construction activity and related demand for our products and services; the impact of weather on our business; the impact of higher raw material prices and significant supply interruptions; product liability, warranty claims, or recalls; changes in environmental and climate-related legislation or government regulations or policies; changes in tax legislation; the impact of new or increased trade tariffs; improper conduct by any of our employees, agents, or business partners; litigation risks; general economic conditions in the United States and abroad; extraordinary events beyond our control; risks associated with our international operations; cyber-attacks and other disruptions or misuse of information systems; and our ability to successfully realize, complete and integrate acquisitions.

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.

A reconciliation of non-GAAP financial measures appearing in this document to financial measures prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP) are included in the Annex to this document.

This document includes forward-looking statements regarding segment profit, adjusted net income, adjusted diluted earnings per share, and free cash flow, which are non-GAAP financial measures. These non-GAAP financial measures are derived by excluding certain amounts from the corresponding financial measures determined in accordance with GAAP. The determination of the amounts excluded is a matter of management judgment and depends upon, among other factors, the nature of the underlying expense or income amounts recognized in a given period and the high variability of certain amounts, such as unusual gains and losses, the ultimate outcome of pending litigation, fluctuations in foreign currency exchange rates, changes in environmental liabilities, the impact and timing of potential acquisitions and divestitures, future restructuring costs, and other structural changes or their probable significance. We are unable to present a quantitative reconciliation of the aforementioned forward-looking non-GAAP financial measures to their most directly comparable forward-looking GAAP financial measures because such information is not available, and management cannot reliably predict the necessary components of such GAAP measures without unreasonable effort or expense. The unavailable information could have a significant impact on LII's full year GAAP financial results.

LENNOX INTERNATIONAL INC. AND SUBSIDIARIES

Consolidated Statements of Operations

(Unaudited)

	For the Three Months Ended	
	March 31,	
	2026	2025
<i>(Amounts in millions, except per share data)</i>		
<b>Net sales</b>	<b>\$ 1,135.1</b>	<b>\$ 1,072.6</b>
Cost of goods sold	783.8	731.7
Gross profit	351.3	340.9
<b>Operating Expenses:</b>		
Selling, general and administrative expenses	185.2	171.3
Losses and other expenses, net	2.2	2.8
Loss (income) from equity method investments	0.4	(1.2)
<b>Operating income</b>	<b>163.5</b>	<b>168.0</b>
Pension settlements	0.5	0.1
Interest expense, net	15.2	6.2
Other expense, net	0.9	0.9
Net income before income taxes	146.9	160.8
Provision for income taxes	29.7	31.2
<b>Net income</b>	<b>\$ 117.2</b>	<b>\$ 129.6</b>
<b>Earnings per share – Basic<sup>(1)</sup>:</b>	<b>\$ 3.37</b>	<b>\$ 3.65</b>
<b>Earnings per share – Diluted<sup>(1)</sup>:</b>	<b>\$ 3.35</b>	<b>\$ 3.63</b>
<b>Weighted Average Number of Shares Outstanding - Basic</b>	<b>34.8</b>	<b>35.5</b>
<b>Weighted Average Number of Shares Outstanding - Diluted</b>	<b>35.0</b>	<b>35.7</b>

<sup>(1)</sup> Amounts may not recalculate due to rounding.

Note: The 2025 amounts are adjusted to reflect the accounting method change from LIFO to FIFO that occurred in the fourth quarter of 2025.

**LENNOX INTERNATIONAL INC. AND SUBSIDIARIES**  
**Segment Net Sales and Profit**  
**(Unaudited)**

*(Amounts in millions)*

	For the Three Months Ended March 31,	
	2026	2025
<b>Net Sales</b>		
Home Comfort Solutions	\$ 650.0	\$ 721.4
Building Climate Solutions	485.1	351.2
Total net sales	<u>\$ 1,135.1</u>	<u>\$ 1,072.6</u>
<b>Segment Profit<sup>(1)</sup></b>		
Home Comfort Solutions	\$ 86.5	\$ 123.9
Building Climate Solutions	95.6	58.8
<b>Total segment profit</b>	<b>182.1</b>	<b>182.7</b>
Corporate and other expenses <sup>(2)</sup>	(18.6)	(14.7)
<b>Total segment profit, including unallocated Corporate and other expenses</b>	<b>163.5</b>	<b>168.0</b>
<b>Reconciliation to Operating income:</b>		
Restructuring charges	—	—
(Gain) loss on sale from previous dispositions	—	—
Acquisition costs	—	—
<b>Operating income</b>	<u><b>\$ 163.5</b></u>	<u><b>\$ 168.0</b></u>

<sup>(1)</sup> We define segment profit as a segment's operating income (loss) included in the accompanying Consolidated Statements of Operations, excluding:

- Restructuring charges,
- Gain (loss) on sale of previous dispositions, and;
- Acquisition costs

<sup>(2)</sup> Corporate and other expenses include unallocated corporate costs related to corporate administrative functions such as tax, treasury, accounting, internal audit, legal and human resources.

Note: The 2025 amounts are adjusted to reflect the accounting method change from LIFO to FIFO that occurred in the fourth quarter of 2025.

**LENNOX INTERNATIONAL INC. AND SUBSIDIARIES**

**Consolidated Balance Sheets**

*(Amounts in millions, except shares and par values)*

	As of March 31, 2026 (Unaudited)	As of December 31, 2025
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash equivalents	\$ 48.2	\$ 34.2
Short-term investments	2.0	0.5
Accounts and notes receivable, net of allowances of \$9.1 and \$8.5 in 2026 and 2025, respectively	647.9	578.8
Inventories, net	1,209.7	1,152.6
Other current assets	124.3	137.7
Total current assets	2,032.1	1,903.8
Restricted cash equivalents	19.0	18.5
Property, plant and equipment, net of accumulated depreciation of \$1,064.3 and \$1,043.9 in 2026 and 2025, respectively	917.6	887.2
Right-of-use assets from operating leases	404.4	356.3
Goodwill	503.7	497.2
Intangible assets, net of accumulated amortization of \$42.4 and \$38.3 in 2026 and 2025, respectively	269.7	273.0
Deferred income taxes	12.6	12.9
Other assets, net	133.6	132.9
<b>Total assets</b>	<b>\$ 4,292.7</b>	<b>\$ 4,081.8</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 464.6	\$ 438.0
Accrued expenses	301.5	374.2
Income taxes payable	63.4	46.4
Commercial paper	361.0	226.0
Current maturities of long-term debt	18.2	18.3
Current operating lease liabilities	83.8	88.9
Total current liabilities	1,292.5	1,191.8
Long-term debt	1,144.1	1,144.1
Long-term operating lease liabilities	347.8	293.4
Pensions	19.4	18.7
Other liabilities	275.0	270.7
Total liabilities	3,078.8	2,918.7
Commitments and contingencies		
<b>Stockholders' equity:</b>		
Preferred stock, \$0.01 par value, 25,000,000 shares authorized, no shares issued or outstanding	—	—
Common stock, \$0.01 par value, 200,000,000 shares authorized, 87,170,197 shares issued	0.9	0.9
Additional paid-in capital	1,249.7	1,243.0
Retained earnings	4,963.0	4,891.1
Accumulated other comprehensive loss	(48.0)	(48.5)
Treasury stock, at cost, 52,360,280 shares and 52,374,147 shares for 2026 and 2025, respectively	(4,951.7)	(4,923.4)
Total stockholders' equity	1,213.9	1,163.1
<b>Total liabilities and stockholders' equity</b>	<b>\$ 4,292.7</b>	<b>\$ 4,081.8</b>

LENNOX INTERNATIONAL INC. AND SUBSIDIARIES

Consolidated Statements of Cash Flows

(Unaudited)

<i>(Amounts in millions)</i>	For the Three Months Ended March	
	2026	2025
	<b>31</b>	
<b>Cash flows from operating activities:</b>		
Net income	\$ 117.2	\$ 129.6
Adjustments to reconcile net income to net cash provided by (used in) operating		
Loss (income) from equity method investments	0.4	(1.2)
Provision for credit losses	2.1	1.3
Unrealized losses (gains), net on derivative contracts	2.1	(0.5)
Stock-based compensation expense	6.3	6.3
Depreciation and amortization	29.2	25.6
Deferred income taxes	3.3	(1.1)
Pension expense	1.0	1.1
Pension contributions	(0.3)	(0.3)
Changes in assets and liabilities, net of effects of acquisitions and divestitures:		
Accounts and notes receivable	(73.6)	8.3
Inventories	(62.6)	(209.4)
Other current assets	13.7	(1.7)
Accounts payable	31.0	85.2
Accrued expenses	(74.3)	(105.1)
Income taxes payable and receivable, net	18.8	27.1
Leases, net	1.3	3.4
Other, net	0.5	(4.4)
<b>Net cash provided by (used in) operating activities</b>	<b>16.1</b>	<b>(35.8)</b>
<b>Cash flows from investing activities:</b>		
Proceeds from the disposal of property, plant and equipment	0.7	0.5
Purchases of property, plant and equipment	(55.5)	(25.5)
Acquisitions, net of cash	(0.2)	—
(Purchases of) proceeds from investments and other	(1.6)	1.5
<b>Net cash used in investing activities</b>	<b>(56.6)</b>	<b>(23.5)</b>
<b>Cash flows from financing activities:</b>		
Commercial paper borrowings	434.1	—
Commercial paper payments	(299.1)	—
Payments on debt arrangements	(5.3)	(5.0)
Proceeds from employee stock purchases	2.6	1.2
Repurchases of common stock	(19.5)	(85.2)
Repurchases of common stock to satisfy employee withholding tax obligations	(10.5)	(11.3)
Cash dividends paid	(45.2)	(40.9)
<b>Net cash provided by (used in) financing activities</b>	<b>57.1</b>	<b>(141.2)</b>
Increase (decrease) in cash, cash equivalents and restricted cash	16.6	(200.5)
Effect of exchange rates on cash, cash equivalents and restricted cash equivalents	(2.1)	2.6
Cash, cash equivalents and restricted cash, beginning of period	52.7	415.1
<b>Cash, cash equivalents and restricted cash, end of period</b>	<b>\$ 67.2</b>	<b>\$ 217.2</b>
Supplemental disclosures of cash flow information:		
Interest paid	\$ 23.5	\$ 19.2
Income taxes paid (net of refunds)	\$ 7.0	\$ 5.1

Note: The 2025 amounts are adjusted to reflect the accounting method change from LIFO to FIFO that occurred in the fourth quarter of 2025.

LENNOX INTERNATIONAL INC. AND SUBSIDIARIES

Reconciliation to U.S. GAAP (Generally Accepted Accounting Principles) Measures  
(Unaudited, in millions, except per share and ratio data)

Use of Non-GAAP Financial Measures

To supplement the Company's consolidated financial statements and segment net sales and profit (loss) presented in accordance with U.S. GAAP, additional non-GAAP financial measures are provided and reconciled in the following tables. The Company believes that these non-GAAP financial measures, when considered together with the GAAP financial measures, provide information that is useful to investors in understanding period-over-period operating results and enhance the ability of investors to analyze the Company's business trends and operating performance.

Reconciliation of Net Cash Provided by (Used in) Operating Activities, a GAAP measure, to Free Cash Flow, a Non-GAAP measure

	For the Three Months Ended	
	March 31.	
	2026	2025
Net cash provided by (used in) operating activities	\$ 16.1	\$ (35.8)
Purchases of property, plant and equipment	(55.5)	(25.5)
Proceeds from the disposal of property, plant and equipment	0.7	0.5
Free cash flow, a Non-GAAP measure	<u>\$ (38.7)</u>	<u>\$ (60.8)</u>