

MasterBrand, Inc. NYSE:MBC

FQ3 2025 Earnings Call Transcripts

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S&P Global Market Intelligence Estimates

	-FQ3 2025-			-FQ4 2025-	-FY 2025-		-FY 2026-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	GUIDANCE	CONSENSUS
EPS Normalized	0.36	0.33	▼ (8.33 %)	0.18	1.12	NA	NA
Revenue (mm)	678.60	698.90	▲ 2.99	607.60	2677.00	NA	NA

Currency: USD
Consensus as of Aug-07-2025 10:06 AM GMT

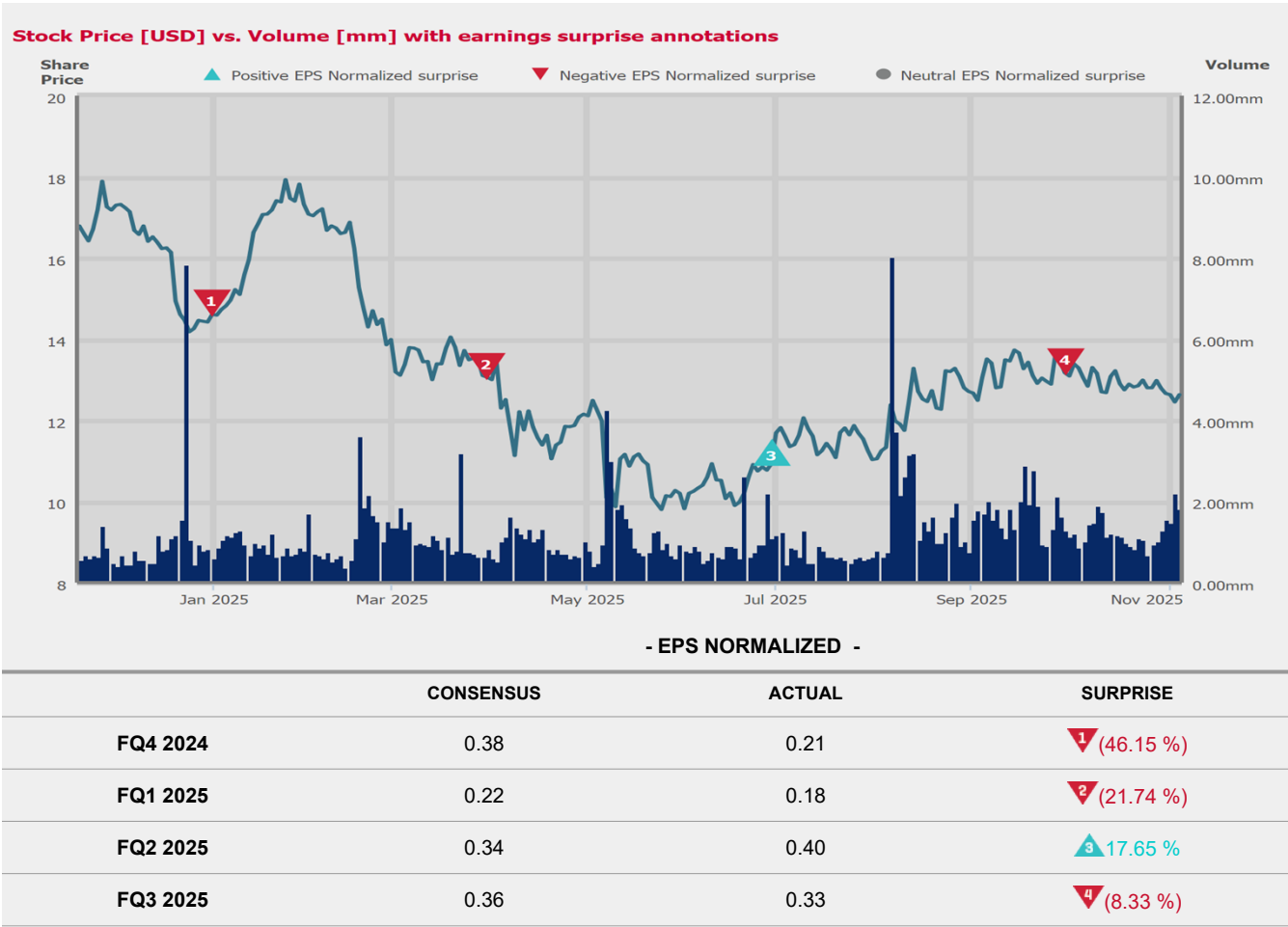


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Call Participants

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Presentation

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Loop Capital Markets LLC, Research Division

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Operator

Good afternoon, and welcome to MasterBrand's Third Quarter 2025 Earnings Conference Call. Please note that this conference call is being recorded.

I would now like to turn the call over to Henry Harrison, Senior Director of Corporate Financial Planning and Analysis. Please go ahead.

Henry Harrison

Thank you, and good afternoon. We appreciate you joining us for today's call. With me on the call today are Dave Banyard, President and Chief Executive Officer of MasterBrand; and Andrea Simon, Executive Vice President and Chief Financial Officer.

We issued a press release earlier this afternoon disclosing our third quarter 2025 financial results. This document is available on the Investors section of our website at masterbrand.com. I would like to remind you that this call will include forward-looking statements in either our prepared remarks or the associated question-and-answer session. These forward-looking statements are based on current expectations and market outlook and are subject to certain risks and uncertainties that may cause actual results to differ materially from those currently anticipated.

Additional information regarding these factors appears in the section entitled Forward-Looking Statements in the press release we issued today. More information about risks can be found in our filings with the Securities and Exchange Commission, including under the heading Risk Factors in our full-year 2024 Form 10-K and our subsequent 2025 Form 10-Qs, which will be available once filed at sec.gov and at masterbrand.com.

The forward-looking statements in this call speak only as of today, and the company does not undertake any obligation to update or revise any of these statements, except as required by law. Today's discussion includes certain non-GAAP financial measures. Please refer to the reconciliation tables, which are in the press release issued earlier this afternoon and are also available at sec.gov and at masterbrand.com.

Our prepared remarks today will include a business update from Dave followed by a discussion of our third quarter 2025 financial results from Andy, along with our 2025 financial outlook. Finally, Dave will make some closing remarks before we host a question-and-answer session.

With that, let me turn the call over to Dave.

R. David Banyard

CEO, President & Director

Thank you, and good afternoon, everyone. We appreciate you joining us for today's call. Our third quarter results reflect disciplined execution in a persistently challenging demand environment and proactive management of evolving trade dynamics. Amid these conditions, our team made significant progress on our integration initiatives and has continued to deliver for our customers while strengthening MasterBrand's foundation for both near-term stability and long-term growth.

In the third quarter, we generated net sales of \$699 million, a 3% decrease compared to the same period last year, consistent with our expectations. The decline reflected mid- to high single-digit end market contraction, partially offset by the continued flow-through of previously implemented pricing actions and share gains in our distributor and builder channels.

Demand across our retail and dealer channels remained soft, particularly in stock cabinetry, while semi-custom offerings performed relatively better as consumers with discretionary income continue to seek value within the midrange of the portfolio. We delivered adjusted EBITDA of \$91 million compared to \$105 million in the third quarter of last year, representing an adjusted EBITDA margin of 13%, a 160 basis point decline year-over-year due to lower volume and related fixed cost absorption as well as tariffs, partially offset by continuous improvement efforts net of inflation, continued net average selling price improvements and Supreme synergies. While margin was slightly below expectations, we view this as a solid performance in a difficult operating environment.

Free cash flow for the quarter was \$40 million compared to \$65 million in the same period last year, driven by lower net cash provided by operating activities and higher capital expenditures related to the integration of Supreme. We continue to expect free cash flow for the full-year to exceed net income, consistent with our long-term objectives of balancing investment in growth with strong cash conversion.

Turning to our end markets. While conditions remain challenged, they were generally consistent with our expectations. In new construction, single-family housing starts were down mid- to high single digits as affordability and buyer confidence remain constrained. Despite this backdrop, our new construction sales outperformed the broader market, reflecting the strength of our broad product portfolio and consistent service execution, underpinned by superior cycle time reliability, effective supply chain coordination and proactive design and specification support, all of which customers consistently cite as key differentiators.

Looking at the remainder of the year, we continue to expect overall new construction end market demand to be down mid-single digits on a full-year basis. However, through our strong builder relationships, reliable service performance and focused execution, we are positioned to continue to outperform the broader market.

In the repair and remodel market, serviced by our dealer and retail customers, demand remained choppy as elevated total project costs, low existing home turnover and low consumer sentiment continue to weigh on large discretionary projects. Our repair and remodel business was down mid- to high single digits year-over-year, which was aligned with the broader market and our expectations.

The impact was most evident in entry price stock cabinetry and digital retail channels where softer project demand weighed on volume. In contrast, mid-tier semi-custom products delivered stronger performance, benefiting from consumers trading down from premium offerings and placing greater emphasis on value amid the broader macro backdrop. This emphasizes the strength of our multi-tier product portfolio. We continue to expect the repair and remodel market to be down mid- to high single digits for the full-year as consumers delay larger home renovation projects amid ongoing affordability pressures.

Turning to Canada. Our third quarter performance was down mid-single digits, consistent with the market and in line with our expectations. Housing affordability remains a persistent challenge with elevated prices and limited resale inventory continuing to constrain buyer activity. We continue to expect full-year Canadian end market demand to be down mid-single digits year-over-year.

We anticipate the market more broadly to be down mid- to high single digits for the full-year 2025. As we look further ahead, we currently expect demand across both new construction and repair and remodel to remain subdued through next year with gradual improvement anticipated in late fiscal 2026 or early fiscal '27. However, we recognize that trade and market conditions could rapidly change, potentially shifting our outlook. In the meantime, our focus remains on servicing our customers, aligning production with demand and controlling costs, positioning the business for growth when the market does return.

Turning to the current trade environment. The tariff landscape has evolved meaningfully since our last call and remains a major area of focus for us. As many of you know, the Section 232 lumber tariffs took effect on October 14, and we are diligently evaluating the implications of the 25% tariff and impending 50% tariff on kitchen cabinets, bathroom vanities and related products. This said, we've been contingency planning for several months in anticipation of these potential changes. Our teams across sourcing, manufacturing and pricing are executing a coordinated mitigation strategy as we refine our assessment and work with the administration to understand certain specifics of the Section 232 lumber tariffs.

While these tariffs will introduce incremental costs, we believe MasterBrand is well positioned to navigate them effectively. As discussed last quarter, we've taken steps to enhance our sourcing flexibility and are actively engaging suppliers to minimize exposure. We are working through various manufacturing footprint and operational adjustments to mitigate the impact of tariffs and best serve our customers in growth regions. Finally, we are maintaining consistency in our surcharge methodology to provide pricing transparency for our customers as the landscape continues to evolve.

While we remain confident in our mitigation plans, we continue to monitor potential indirect impacts on consumer demand and housing affordability, which are inherently more difficult to quantify. Importantly, the MasterBrand Way, our structured data-driven operating system enables us to adapt quickly through rapid problem solving and execution across our network. That said, with Section 232 tariffs already in effect and set to double in the first quarter of 2026, we do anticipate some phasing challenges in the fourth quarter of 2025 and into full-year 2026 as we work to fully implement our mitigation initiatives. Andy will outline several key considerations to help frame the potential impact of these tariffs on our business later in the call.

Operationally, we continue to execute well despite the challenging demand environment. Our teams made significant progress in the third quarter on Supreme integration execution, our potential merger with American Woodmark is progressing as expected, and our continuous improvement and strategic deployment initiatives remain effective.

The team is executing the Supreme integration on schedule and within plan, a clear demonstration of the organizational capability and rigor embedded in the MasterBrand way. These efforts are driving the cost efficiencies we expected despite market and volume-related headwinds. Additionally, we expect revenue synergies from the Supreme integration to begin coming through as the market returns, which, as a reminder, were excluded from our disclosed synergy targets.

Building on our continued success with Supreme, we're now focusing our resources on supporting the potential combination with American Woodmark, applying the same disciplined playbook that has proven effective. We are pleased with the progress on the pending merger. Integration planning is well underway, and we're prepared to begin executing immediately following close. We continue to expect approximately \$90 million in run rate cost synergies by the end of year 3 post close, driven by procurement, overhead and manufacturing network efficiencies.

Importantly, on October 30, both MasterBrand and American Woodmark shareholders independently voted to provide the necessary shareholder approvals for the proposed transaction. We are also progressing through the regulatory process and continue to expect that the transaction will close in early 2026.

Together, MasterBrand and American Woodmark would enhance the industry's most comprehensive portfolio of trusted cabinetry brands, products and services, and the combined company is expected to unlock and deliver meaningful value for our customers, associates and shareholders as well as to the end consumer, reinforcing our confidence in the long-term potential of this merger.

Finally, turning to our continuous improvement efforts and capital allocation priorities. Across our facilities, continuous improvement programs again exceeded plan, driving measurable savings that partially offset volume-related headwinds. These programs remain an essential part of our ability to manage through near-term softness while positioning us for long-term margin expansion.

Our technology investments are intentional, aligned with MasterBrand's strategic priorities and designed to build scalable, resilient systems that support long-term growth. This quarter, we advanced several cornerstone initiatives, including the deployment of the centralized order management system, which are designed to improve accuracy, efficiency and visibility across the network while simplifying core processes.

In parallel, we are executing a phased infrastructure modernization and risk mitigation program across our facilities to enhance network, server and factory system durability, ultimately ensuring greater protection and long-term support for the core operations. Additionally, the Las Vegas facility start-up was completed this quarter and marks a significant realignment of our operational footprint to better serve the Western regional market. Together, these investments are delivering measurable gains in productivity, precision and agility while positioning our organization for accelerated innovation and growth.

From a capital allocation perspective, we remain focused on operational execution and flexibility. Capital expenditures were aligned with our expectations. Additionally, our balance sheet remains healthy with sufficient liquidity to support growth initiatives, integration activities and shareholder returns.

In closing, we executed with discipline, continue to advance the Supreme integration and are planning for the proposed merger with American Woodmark and further strengthen our operations and balance sheet. While near-term challenges persist, our long-term strategy is intact and our confidence in the business remains strong. As the housing market stabilizes, we are well positioned to capitalize on recovery with greater efficiency, scale and flexibility than ever before.

With that, I'll turn the call over to Andy for a detailed review of our financial results and outlook.

Andrea H. Simon
Executive VP & CFO

Thanks, Dave, and good afternoon, everyone. I'll begin with a review of our third quarter financial results, and then I'll provide more detail on our updated full-year 2025 outlook.

Notably, this quarter marked the anniversary of our Supreme acquisition, which closed on July 10, 2024. Because the transaction occurred at the beginning of the quarter, Supreme's results did not materially impact our year-over-year comparisons. However, integration synergies continue to support our overall performance.

As Dave noted, with the Supreme integration progressing as expected, our integration team is focused squarely on applying the same proven framework to American Woodmark integration planning, where we continue to expect approximately \$90 million in run rate cost synergies by the end of year 3 post close.

Now on to our third quarter results. Net sales were \$698.9 million, a 2.7% decrease compared to \$718.1 million in the same period last year. The continued softness across end markets, which was down mid- to high single digits was partially offset by the anticipated flow-through of prior pricing actions and continued share gains, particularly in the new construction market. Notably, approximately 40% of the volume decline was mitigated by price and another 20% was offset by share gains.

Gross profit was \$218.2 million, down 8.3% from \$238 million in the same period last year, and gross profit margin was 31.2%, down 190 basis points year-over-year, primarily reflecting lower volumes, related unfavorable fixed cost leverage and tariffs. These headwinds were partially offset by higher net average selling price improvement from prior pricing actions, our continuous improvement efforts net of inflation and Supreme integration synergies.

Tariffs had a negative impact of nearly 100 basis points to our gross margin in the quarter, though we were able to offset approximately 90% of this impact through mitigation actions. I'll provide an update on our mitigation strategy and full-year impact in more detail in a moment.

SG&A expenses totaled \$167.5 million, up 0.7% compared to \$166.3 million in the same period last year. SG&A as a percentage of net sales increased 81 basis points year-over-year to 24%, reflecting comparable levels of acquisition-related costs. This was primarily driven by continued investments in our strategic initiatives, particularly around digital technology and marketing, partially offset by lower commission and freight costs following volume decline.

Net income was \$18.1 million in the third quarter compared to \$29.1 million in the same period last year, and net income margin was 2.6% compared to 4.1% in the prior year as a result of lower gross profit, partially offset by lower income tax expense. Interest expense declined to \$18.2 million from \$20 million in the same period last year, reflecting progress as we continue to delever our balance sheet.

Income tax was \$5.3 million or a 22.6% effective tax rate in the quarter, slightly better than our expectations and compared to \$10.3 million or a 26.1% rate in the third quarter of 2024. The decrease in our effective tax rate was primarily driven by the mix of earnings across jurisdictions.

Adjusted EBITDA was \$90.6 million, down 13.3% from \$104.5 million in the prior year period. Adjusted EBITDA margin was 13%, a decline of 160 basis points year-over-year, driven by market-related volume declines and the associated leverage challenges as well as tariffs. These headwinds were partially offset by continuous improvement savings net of inflation, the flow-through of prior pricing actions and Supreme synergies.

Diluted earnings per share were \$0.14 in the third quarter of 2025 based on 129.5 million diluted shares outstanding. This compares to \$0.22 in the third quarter of 2024, which was based on 130.8 million diluted shares outstanding. Adjusted diluted earnings per share were \$0.33 in the current quarter compared to \$0.40 in the prior year period.

Turning to the balance sheet. We ended the quarter with \$114.8 million of cash on hand and \$461.9 million of liquidity available under our revolving credit facility. Net debt at the end of the third quarter was \$839.3 million, resulting in a net debt to adjusted EBITDA leverage ratio of 2.5x, in line with our expectations given American Woodmark deal-related cash outflow. We remain well positioned to reduce our leverage ratio by year-end. However, the incremental impact of tariffs will keep us above our year-end sub 2x target.

In anticipation of the pending merger with American Woodmark, we have amended our existing credit agreement to secure commitments for a new \$375 million delayed draw Term A facility, the funding of which is contingent upon the closing of the transaction. The proceeds from this facility will be used to repay and terminate American Woodmark's existing debt following the close of the transaction, further supporting the combined company's capital structure and financial flexibility. Importantly, on a pro forma basis, net debt to adjusted EBITDA leverage at close is expected to be approximately 2x, in line with our expectations and in achievement of our long-term goal.

Net cash provided by operating activities was \$108.8 million for the 39 weeks ended September 28, 2025, compared to \$176.9 million in the comparable period last year. Third quarter cash generation was impacted by lower net income, required bond interest payments, timing of collections and deal-related expenditures.

Capital expenditures for the 39 weeks ended September 28, 2025, were \$43.8 million compared to \$34.6 million in the comparable period last year. This increase reflects planned investments tied to the integration of Supreme and our ongoing footprint realignment initiatives in line with our full-year capital allocation strategy.

Free cash flow was \$65 million for the 39 weeks ended September 28, 2025, compared to \$142.3 million in the comparable period last year. As we look to the fourth quarter, we continue to expect free cash flow to normalize, supported by the absence of certain onetime payments related to the proposed American Woodmark merger, more typical seasonal patterns and growing benefits from our synergies realized from our Supreme integration initiatives. We remain committed to our full-year objective of generating free cash flow in excess of net income.

We did not repurchase any shares during the quarter. Our merger agreement with American Woodmark restricts activity under our preestablished Rule 10b5-1 program until the transaction closes.

Before turning to our outlook, I wanted to take a moment to address recent tariff developments and the implications for our business. Since our second quarter call in early August, several new trade actions have been announced and implemented that directly affect our industry. In mid-August, the administration reinstated and expanded Section 232 tariffs on steel and aluminum and in late September, announced new Section 232 actions targeting lumber and wood products. These new tariffs up to 25% on kitchen cabinets and vanities took effect on October 14, with additional phase increases planned for the first quarter of 2026, increasing the rate to 50% on kitchen cabinets and vanities.

Looking at our cost of goods sold, the cost components are consistent with prior disclosures. Approximately, 45% to 55% of our cost of goods sold is materials, 15% to 25% is labor and 25% to 35% is overhead, varying by product mix and plant utilization. Breaking components down by geographical source, about 70% to 80% are sourced domestically with about 15% to 20% sourced from Asia, primarily Vietnam, and only low single digits from China. The remainder comes from Canada, Mexico, Europe and South America.

Breaking down by material type, a little more than half of our components are wood and wood-related materials. About half of our wood and wood-related materials are domestically sourced. In addition, about half of our wood and wood-related product materials are hardwood. Beyond our component exposure to tariffs, we also import certain finished goods from Canada and Mexico, which historically have represented slightly more than 10% of consolidated net sales.

Prior to the Section 232 tariffs, these imports were exempt from tariffs given they were USMCA compliant. This exemption does not apply to the new 232 tariffs. Based on our current sourcing profile and product mix, we estimate that unmitigated gross tariff exposure equates to 7% to 8% of 2025 net sales with the degree of impact varying significantly by product category.

We are executing a comprehensive strategy to offset these impacts through targeted price increases, supplier renegotiations, alternative sourcing and manufacturing footprint optimization and relocations. As you've seen in our P&L, these mitigation efforts take time to fully materialize, typically between 1 and 12 months. However, we still expect to offset roughly half of the 232 tariff-related cost increase this year, and we remain on track to fully offset previously implemented tariffs on a run rate basis by year-end.

With the introduction of the new Section 232 tariffs, our expected net unmitigated exposure is \$20 million to \$25 million for the fourth quarter based on our current market outlook, net sales and product mix. Over time, we're confident these actions will fully mitigate the impact and preserve our long-term margin profile.

We are also closely monitoring additional trade measures under review, including potential countervailing and antidumping duties on plywood, which could further influence the trade landscape. As always, we remain focused on minimizing disruption, protecting customer value and maintaining our competitive positioning. We plan to provide a more detailed assessment of the anticipated 2026 impact when we report fourth quarter and full-year results in February.

Now turning to outlook. Our updated full-year 2025 financial outlook includes only those tariffs currently in effect, including the Section 232 lumber tariffs that went into effect on October 14, 2025. It does not reflect potential implications from proposed trade policy changes nor any potential demand impacts from tariffs on cabinets or broader housing activity as those effects remain difficult to estimate in the current environment.

Further, our outlook does not reflect any anticipated financial benefits from the proposed merger with American Woodmark nor does it include expected transaction or integration-related costs.

As Dave mentioned, we continue to expect our addressable market in 2025 to be down mid- to high single digits year-over-year with continued variability across end markets. Against that backdrop, we expect annual net sales to be approximately flat overall, including a mid-single-digit contribution from Supreme with organic net sales expected to be down mid-single digits. This updated range reflects the continued realization of pricing actions and sustained market share gains.

We are updating our full-year adjusted EBITDA guidance to a range of \$315 million to \$335 million, representing an adjusted EBITDA margin of 11.5% to 12%. Following, we are updating our full-year adjusted diluted earnings per share to a range of \$1.01 to \$1.13. The lower midpoint and narrow range reflect the timing and impact of recently enacted tariffs. These pressures are partially offset by the early benefits of our mitigation efforts, which continue to progress as planned, but take time to fully materialize.

In addition, we are reiterating our previous expectations on interest expense, effective tax rate, capital expenditures and free cash flow. To help offset these near-term bottom line pressures, we are taking targeted actions to reinforce cost discipline across the business. This includes assessing reductions in non-volume-related SG&A, reducing select strategic investments and identifying additional efficiency opportunities for 2026.

Together with our mitigation strategy, these actions are designed to protect margins, preserve liquidity and ensure MasterBrand remains resilient through this period of elevated uncertainty. We'll provide a full update on these efforts in our 2026 planning when we report fourth quarter and full-year results in February.

We remain very excited about the pending merger between MasterBrand and American Woodmark, which we believe will create a stronger, more resilient company. By leveraging our complementary capabilities and realizing the expected synergies, we are confident the combined enterprise will be well positioned to deliver enhanced value for both customers and shareholders.

Now I'd like to turn the call back to Dave.

R. David Banyard
CEO, President & Director

Thanks, Andy. As we close out the third quarter, it's clear that we continue to operate in a challenging environment. While demand remains uneven and new tariffs are adding near-term pressure, our operating discipline, strong customer partnerships and proven execution give us the ability to manage through volatility while continuing to strengthen our business for the future.

Optimization and integration planning for our proposed merger with American Woodmark are well underway. We continue to expect the proposed transaction to close in early 2026, and we remain confident in our ability to unlock and deliver meaningful value with speed, agility and diligence through our combined strengths and resources.

Looking ahead, the MasterBrand Wave continues to guide how we operate, keeping us focused, accountable and ready to adapt. We have a talented team, a resilient model and a long-term strategy built to deliver value as the market stabilizes and growth returns. Thank you to our associates for their continued commitment and to our customers, partners and shareholders for their ongoing support.

Now with that, I'll open up the call to Q&A.

Question and Answer

Operator

[Operator Instructions] Our first question comes from Garik Shmois with Loop Capital Markets.

Garik Simha Shmois

Loop Capital Markets LLC, Research Division

Just first on the sales guidance for the full-year, the revision, you're at flat now versus down low single digits previously. Just curious if you can go into the reason for the revision on the sales side.

R. David Banyard

CEO, President & Director

Yes. I think, Garik, the main revision is I think that the pace that we're seeing is we kind of -- as we were evaluating the rest of the year a couple of months ago, we were kind of keeping our eye on what happened last year. I think that as we've come into the fourth quarter here, we don't see that same dynamic. I think it will be still a slightly down quarter, but I think we've performed coming through Q3 and into Q4 from a revenue standpoint a little better.

Plus, we do have the pricing actions that we've been taking over the past year to deal with the first round of tariffs are starting to really come through, and so that kind of bolsters us a bit there. Probably, the only question we have in terms of the fourth quarter is the impact of any additional pricing that we're working on for this latest round of tariffs, and what impact that would have on demand. It's too soon in the market to see that. Otherwise, I think in the middle point, I think we're comfortable that flat is the outcome that we're going to have for the year.

Garik Simha Shmois

Loop Capital Markets LLC, Research Division

Speaking on pricing, as you've been pushing pricing to offset initial tariffs and you need to push additional pricing to offset current tariffs and future inflation. I was wondering if you can just speak to any unforeseen challenges in your ability to realize pricing and if you've seen any demand destruction as a result of price increases up until this point?

R. David Banyard

CEO, President & Director

Yes. I think the -- that's a fair question. I think the odd part about this round of tariffs is it's not even neither was the last for the most part. We do a lot of sourcing domestically, and we do a lot of manufacturing domestically. But these rounds of tariffs, particularly Mexico and Canada, have an outsized effect on those product categories. Those are the ones that, a, have the biggest impact on the total bill that we're faced with from a tariff perspective, but it also is the one that's the biggest challenge, I think, from a pricing standpoint.

On the flip side, I think that's where we're focusing a lot of our energy on mitigation outside of price, and so remember, our mitigation efforts here are not just price. There are a wide range of things that we're working on doing, some of which are going to take some time, but the idea is to try to mitigate as much as we can operationally and then the remainder is what we put out in price.

I'll give you a specific example. We import almost all of our bathroom vanities from Mexico as a finished good. That product category is really not viable at a 50% price increase. We're working on mitigating that, but if we can't get some of the price that we need because we can't mitigate all of it, we're going to have to evaluate whether that product is viable. That's not factored into our guidance. We'll talk more to that when we come with 2026 guidance.

We should have better clarity at that point. The rest of it is, though, that there's a lot of other -- this is going to impact the whole market. We have to see, and that's not apparent yet what that's going to do, so we have to see how the overall market responds to all this. I think just for your planning and thinking, it's just remember, it's just a lag effect for us, and that's the hardest part of this tariff regime as it comes in fairly quickly, and it takes us time to mitigate it. We're going to have that dynamic for a couple of quarters as we work through this.

Garik Simha Shmois

Loop Capital Markets LLC, Research Division

Just lastly, just to follow-up on that last point. You mentioned, the net unmitigated exposure, I believe, is \$20 million to \$25 million in the fourth quarter. It's certainly difficult to predict how all this is going to play out in '26 and not to ask you for kind of a guidance for next year, but how should we think about maybe the phasing of your unmitigated exposure as you move into next year beyond the fourth quarter?

R. David Banyard
CEO, President & Director

Well, I mean, the easy part is the bill started coming due on October 14 and then the next round starts on January 1. That's when the cost starts coming in. I think I would -- if I were you I'd go back and look at our performance through the highly inflationary years of COVID, different in that it wasn't announced inflation. It just started happening to everyone in the industry, but the dynamic and the timing will be similar. Andy highlighted in her remarks, some mitigation takes a month, some takes 12 months, so it's going to spread out through the year. We'll go as fast as we can, but ultimately, we want to make sure we're not disrupting the customer and doing it in a controlled way, and that's going to take some time.

Operator

We have reached the end of our question-and-answer session, which concludes today's teleconference. You may disconnect your lines at this time. Thank you for your participation.

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