

Pool Corp

Pool Corporation, Q1 2026 Earnings Call, Apr 23, 2026

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Summary ^{NEW}

Key Takeaways

Pool Corporation reported solid Q1 2026 results with 6% sales growth and 7% operating income growth, driven by strong maintenance demand and pricing discipline, while maintaining full-year guidance despite a measured discretionary environment and positioning for the peak selling season ahead.

Key Financial Results

- Net sales increased 6% year-over-year, reflecting approximately 3% from pricing, 2% from volume in maintenance and discretionary categories, and 1% from customer early buys and foreign currency translation.
- Operating income grew 7% compared to the prior year period, with operating margin expanding by 10 basis points, exceeding expectations for the quarter.
- Diluted earnings per share of \$1.45 increased \$0.03 compared to the prior year, or \$0.11 excluding ASU benefits, representing 8% growth.
- Gross margin was 29%, a decrease of approximately 20 basis points compared to the prior year period, primarily driven by product mix, inbound freight for stocking, and increased early buy activity.
- Operating expenses increased 5% to \$247 million, driven by six greenfield locations opened after March of last year, technology costs, and inflationary increases.

Business Segment Results

- Chemicals grew 8% on strong volume with standout contributions from proprietary and private label lines, which carry structurally higher margins and are gaining traction across the enterprise.
- Building materials grew 5%, continuing to build on the national pool trend offering and growing share in this category given the muted new construction market backdrop.
- Equipment grew 7% on price and solid volume, with strong performance noted as strategically positive despite lower relative margins diluting consolidated gross margin.
- Commercial was flat for the quarter, largely due to project timing, but exited the quarter with slight growth.
- Horizon net sales declined 2%, consistent with the broader discretionary environment.
- Europe sales grew 5% in local currency, building on improved trends from 2025.
- Sales to independent retail customers grew 3%, providing a solid setup as they prepare for the core season.
- Pinch A Penny franchisee sales to end customers grew 4%, with franchisees opening 7 new independently owned franchise locations in the quarter.
- POOL360 digital platform increased to 13% of net sales in the first quarter, up from 12.5% a year ago.
- Geographic performance: California grew 10%, Texas grew 7%, Arizona grew 1%, and Florida declined 1%, reflecting steady maintenance activities offset by weather and softness on the irrigation side in Florida.

Capital Allocation

- Share repurchases of approximately \$64 million during the quarter, an increase of \$8 million over the prior year period, with \$271 million remaining under the current repurchase authorization.
- Total debt of approximately \$1.2 billion at quarter end with a leverage ratio of 1.7x, within the stated range.
- Net cash provided by operations was \$25.7 million for the first quarter compared to \$27.2 million in the prior year period.
- Inventory at March quarter end was \$1.7 billion, 14% higher than first quarter last year and an increase of approximately \$200 million from year-end, positioned for the upcoming selling season.
- Sales center consolidation: One sales center was consolidated into its existing market, bringing the total to 455 sales centers, with expectations to open 5 new sales centers for the full year.

Industry Trends and Dynamics

- New pool units for 2025 came in at 58,000, with expectations that 2026 will be close to that level, though the center of gravity of the business remains the 5.5 million in-ground pools already installed.
- Consumer discretionary demand remains measured, while the installed base continues to drive steady maintenance activity.
- Building material sales continue to track ahead of permit data, with permit data remaining lower than prior year levels through the end of the first quarter.
- Positive momentum in building materials from the back half of 2025 carried into the first quarter, providing support to overall sales growth.

Competitive Landscape

- Differentiated product portfolio, proprietary brands, technology platforms, and supplier partnerships continue to widen the structural advantage that defines Pool Corporation's position in the industry.
- Competitive advantages cannot be simply replicated by adding locations, reflecting the depth of relationships and integrated platform built over nearly 4 decades.
- Proprietary and private label product lines are gaining traction across the enterprise with structurally higher margins, particularly in chemicals where Regal and E-Z Clor lines are best-in-class when paired with technology tools and water testing apps.
- POOL360 digital platform serves as a structural differentiator for customer experience and cost to serve perspective.

Macroeconomic Environment

- Macro backdrop has not changed materially from what was described entering 2026.
- Chemical price moderation observed from levels seen at the beginning of the quarter, but not realizing a significant impact on consolidated net sales at this time.
- Pricing contribution of approximately 3% to sales growth in the first quarter, reflecting an estimated 1% to 2% full year price realization from current year increases supplemented by approximately 1% incremental benefit from mid-season pricing actions implemented at the end of April of the prior year.
- Tariff-related pricing actions from last year are being lapped in the second quarter, with current year pricing expected to be more in the 1% to 2% range reflecting current year cost increases.
- Geopolitical environment and consumer sentiment remain areas of focus, with management hearing everything from very optimistic to areas still pursuing contracts to lock up the season.

Growth Opportunities and Strategies

- Growth thesis anchored in maintenance, remodel, and share capture across product categories for the existing installed base, not requiring a recovery in new pool units.
- Strategic focus on maximizing share across product categories and investing deliberately in technology, private label, and partnerships that extend reach.

- New product introductions including proprietary Xtreme Tab with additives that distinguish it from standard tablets and proprietary bandless antimicrobial cartridge filters for faster service and low micron filtration.
- Capacity absorption from 50-plus greenfield locations opened over the past 5 years, combined with process improvements from ongoing investments in POOL360 and its expanded capabilities.
- Disciplined sales center expansion with focus on driving more value from existing footprint rather than adding capacity, with measured productivity-first posture.
- Expense growth expected to moderate as the company grows into capacity already built, with focus on leveraging investments rather than adding to them.
- Equipment replacement cycle opportunity from variable speed pumps lasting 30-50% longer than single-speed pumps and LED lights outlasting incandescent bulbs, creating future replacement market.

Financial Guidance and Outlook

- Full year diluted earnings per share range of \$10.87 to \$11.17, including the \$0.02 of ASU benefit realized in the first quarter, with guidance remaining unchanged despite first quarter trends tracking ahead of expectations.
- Top line performance expected to be low single-digit growth on a same selling day basis, combined with 1% to 2% pricing benefit for the full year from vendor cost increases and related price pass-throughs.
- Gross margin for 2026 expected to remain consistent with 2025, supported by continued supply chain efficiencies, pricing strategies, and higher private label sales offsetting prior year margin benefit from mid-season price increases.
- Expense growth expected to moderate on a quarter-over-quarter basis throughout 2026 as the company focuses on capacity absorption and laps prior year new sales center openings.
- Projected interest expense range of \$49 million to \$51 million, with second quarter expected to have the highest interest expense of the year following early buy payments.
- Estimated full year tax rate of approximately 25%, with second quarter rate approximately 25.5%.
- Approximately 36.6 million weighted average shares outstanding expected for the rest of the quarter and full year, updated for first quarter share repurchase activity.
- Midpoint of EPS guidance reflects 2% to 3% growth over prior year.
- Incentive-based compensation, if earned, will be recorded in proportion to estimated operating income growth, with costs associated with new sales center openings in 2026 weighted towards the back half of the year.

Q & A Highlights

Analysts focused their questions on Pool Corporation's competitive positioning and return on investments, pricing dynamics and inflation impacts, equipment sales trends and replacement cycles, inventory management and product expansion, operating expense leverage, POOL360 digital platform adoption, and early buy activity drivers.

Competitive Positioning and Return on Investments

• **Q: Can you discuss your competitive positioning as the pool season starts and what you're hearing from sales centers and customers regarding your overall positioning moving into spring and summer?**

• A: The company focuses on ensuring sales centers are ready for the surge of business in the second and third quarters by having the right inventory in the right locations, fully trained and excited staff, new products ready for introduction, early buy programs executed, and marketing programs tuned for demand creation. The company emphasizes a performance-based culture where teams strive to improve productivity levels and efficiency in serving customers year-over-year, with particular attention to newer locations opened in recent years to ensure they are ready to operate without missing a beat.

• **Q: What are you hearing from customers on the ground regarding changes in backlogs or consumer willingness to spend, particularly given the geopolitical environment and consumer sentiment?**

• A: Management continues to watch the health of the consumer, housing turnover, and the age of the installed base. It is early in the year to draw conclusions from permit data since the first quarter is small relative to the full year. Management has heard everything from very optimistic reports of being sold out to other areas still pursuing contracts to lock up the season, and on balance characterizes the situation as relatively unchanged with some green shoots.

Pricing, Inflation, and Demand Elasticity

• **Q: Where within the product mix have you seen pricing and inflation impacts first appear, and does your private label offering have sufficient breadth to offset a potential downmarket shift while remaining margin accretive?**

• A: Management positions private label not as a down-price offering but as a high-quality product with tremendous value. Inflation is most prevalent in discretionary categories when considering the cost of a new pool. On the maintenance side, some parts are semi-discretionary such as heaters and lights, where demand has declined somewhat if replacement is not necessary to safely operate the pool. However, management notes this decline is already baked in and not changing materially from what has been seen over the last couple of years.

• **Q: Can you quantify the impact to gross margin from customer prebuy activity and higher equipment mix, and what was different from your expectations last quarter?**

• A: Management does not provide detailed quantification but notes that building materials generally have the best margins, followed by chemicals, and then equipment. The strong equipment growth in the first quarter outpaced expectations, which diluted consolidated margins since equipment carries lower relative margins. This equipment growth was characterized as a very pleasant surprise.

• **Q: How should we think about the cadence and impact of lapping tariff pricing that started in April last year, given it represents a full point in the guidance calculation?**

• A: Full year pricing guidance of 1% to 2% is based on current year increases. In the first quarter, there was an incremental 1% benefit from tariff price increases implemented last year. In the second quarter of last year, there was some benefit from those price increases, so the company will be lapping that. For the remainder of the year, pricing is expected to be more in the 1% to 2% range, reflecting current year cost increases.

• **Q: Are you hearing of any potential follow-on price increases from freight inflation, higher oil-based products, or tariff updates like Section 232?**

• A: There has been some chatter about potential price increases, but it is not as widespread as last year when approximately 30% of cost of product had announced price increases. Currently, the company has received some notices from vendors but does not expect as much impact. The company is still waiting to hear if other vendors will react to what is going on in the market.

• **Q: Can you assess if there is a risk that chemical price moderation becomes a bigger headwind in future quarters?**

• A: From management's current perspective, chemical prices are fairly stable and they do not see a significant impact in any meaningful way. While something could change and competitors could take actions in specific markets, management does not see anything structural that would set up a change in chemical pricing.

Equipment Sales and Replacement Cycles

• **Q: What is your sense of how much deferred investment may be in the equipment market, and what could that contribute to growth over the next year or two?**

• A: Management notes that as equipment transitions to longer-life items, there are opportunities for replacement cycles. Variable speed pumps last significantly longer than single-speed pumps, sometimes up to 2x longer. Since the regulation requiring variable speed pumps went into effect in 2018, those early variable speed pumps installed during the transition are now starting to come into the replacement cycle. Similarly, LED light bulbs for pools outlast incandescent bulbs on an apples-to-apples basis. As both of these product transitions work through their cycles, there should be opportunity for the replacement market coming up.

• **Q: Can you put some numbers around the useful life of equipment and discuss whether a replacement cycle is coming in the next couple of years given we are 5-6 years post-COVID when there was significant demand?**

• A: The expected life of equipment varies tremendously based on the product type, operating conditions, whether it is in a seasonal or year-round market, maintenance levels, and weather events. Variable speed pumps run at lower loads which extends their life by 30%, 40%, or 50% depending on many factors, though this does not significantly impact filters. Heater life is primarily a function of water quality maintenance. The company identifies two categories of life expectancy changes by design: variable speed pumps lasting longer than single-speed pumps, and LED light bulbs outlasting incandescent bulbs. Since both products were introduced, there should be opportunity for the replacement market coming up.

Inventory Management and Product Expansion

• **Q: How would you characterize where inventories are relative to where you want them to be, and can you provide examples of new technology or expanding market products you mentioned?**

• A: Management characterizes the inventory profile as extremely healthy. The company is astute in buying inventory, with dollars concentrated in very high-moving items rather than sitting in new products without sales history. Management spends little time worrying about inventory levels because the team does an amazing job controlling it. Examples of new products include the Xtreme Tab in the private label line, which is a proprietary chlorine tablet with additives including stain inhibitors, algaecides, clarifiers, and other products that distinctly differentiate it from standard tablets and produce better quality pools. Another example is a proprietary bandless antimicrobial cartridge filter that is faster to service and has a very low micron filtration rate, helping produce clearer pools and complementing LED lights which are getting brighter.

• **Q: Just on the inventory comment around new product introductions, can you provide specific examples and discuss whether you are doing more white label China import products?**

• A: The company's job as a distributor is to ensure the best product offering for customers regardless of where it comes from. Much of the private label product is domestically produced, though some comes from imports, which has always been the case. The company's view on new products is not about finding lower cost products for the sake of lower cost, but rather new products with new technology that help expand the market. The company looks for highest quality features and benefits that customers and their customers would want to drive demand. The company does not seek out the cheapest pump or filter; instead, it focuses on having the best product and highest quality, professional-grade products that will help customers grow their business.

• **Q: What is the gross margin for a customer that prebuys a product versus a non-prebought product?**

• A: Management typically does not break out this information because there is no one answer; it varies by customer, the products they buy, and the overall mix. The answer depends on when customers buy, how much they buy, what they buy, and how large of a customer they are, so management cannot provide a specific basis point impact for prebuy versus normal customers.

Operating Expense Leverage and Efficiency

• **Q: Can you discuss what you're expecting for operating expense growth to moderate, and are there any cost actions in addition to better operating leverage on recent greenfields?**

• A: The company is focused on ensuring greenfields continue to get up to fleet average, which drives operating leverage at those locations. Along with that, the company constantly evaluates from both seasonal and market standpoints to ensure effective operation within capacity creation efforts. The company is leveraging benefits of POOL360, as increased sales through the platform at each location provides the opportunity to evaluate the operating model in those locations.

• **Q: Does the expectation for operating expense growth to moderate still anticipate that full year OpEx will be in the 60% to 80% range relative to gross margin or sales dollar growth?**

• A: The 60% to 80% range is the long-term target, but for 2026, there is also an incentive compensation reload. While the company does expect to get some leverage for the year, some of that natural leverage will be offset by the rebuild on the compensation side, so it will be a little bit lower than the normal long-term algorithm.

POOL360 Digital Platform

• **Q: What is the expectation for POOL360 penetration levels for the year, and what does customer retention look like utilizing this platform, particularly for newer branches versus older vintages?**

• A: Management is very encouraged by POOL360 as a structural differentiator for the company in both customer experience and cost to serve. There are regional differences in adoption rates, with some regions showing very high utilization over 30% and others lower. Some of this is regional differences and some is opportunity for the company. Management continues to focus on improving the quality of the tool by asking how to make it better and what new features to add. Last year, the company ended at 17% total year penetration, and some branches are well over 30%. Management does not see any reason why the company could not ultimately exceed a 25% target and maybe higher in the future. It is important to remain flexible with customers and not force them into using the tool, as the company does business with customers the way they want to do business.

Early Buy Activity

• **Q: What do you think drove the better early buy activity this year—are customers more worried about potential price increases or more optimistic on 2026?**

• A: Management does not believe it was a fear of price increases. Early in the year, there is always a fair amount of optimism because customers do not know what they do not know, and by nature, customers tend to be fairly optimistic. When looking at early buys, there is no risk for customers as they are not buying a year's worth of inventory but rather some inventory to start the season. Management attributes the early buy activity to a function of the company's sales efforts, the quality of its products, and how well it serves customers more than anything else.

• **Q: You mentioned being able to get some discounted equipment last quarter—did you pass that discount along to your customers, and was there any change in the structure of your early buy discounts?**

• A: Management assumes the question refers to early buys, which are just part of the normal course of business. The answer regarding pricing on early buys depends on the customer, the product mix they are buying, how much they are buying, and other factors. There is no formulaic answer that says a certain discount means a certain price increase; it just depends on the specific circumstances.

Geographic and Product Category Performance

• **Q: Can you discuss the turnaround in chemicals, the decline in Florida, and the strong growth in California and Texas to determine if these are signals or noise in the first quarter?**

• A: Management cautions about drawing huge conclusions from the first quarter. Regarding chemicals, the first quarter is a quarter where dealers typically do not convert during the season but rather after the season and load inventory into stores for the upcoming season. The company saw good traction from dealers, specifically on the retail side, with its private label chemicals including Regal and E-Z Clor lines, which are believed to be best-in-class especially when paired with technology tools and water testing apps. The teams are actively hunting this business because of the great value proposition. California benefited somewhat from weather, as it was pretty hot earlier in the first quarter, which is atypical. Texas also benefited somewhat from similar weather patterns. However, given the small size of the first quarter relative to the grand scheme of things, management would not draw a whole lot of conclusions from that. The team did a very good job of explaining the value proposition and winning share at dealers in the first quarter, which is a result of conveying a very strong message of the best value proposition in the industry.

Show The Company's Guidance And Outlook

Pool Corporation provided formal financial guidance for the full year 2026 and outlined management's outlook regarding market conditions, consumer demand, and strategic priorities. The company confirmed its full-year diluted earnings per share guidance while maintaining expectations for low single-digit revenue growth, stable gross margins, and moderating operating expense growth throughout the year.

Quarterly Guidance

• Second Quarter Interest Expense : Expected to have the highest interest expense of the year following the payment of early buys.

• Second Quarter Tax Rate : Approximately 25.5%.

Annual Guidance

• Diluted Earnings Per Share (Full Year 2026) : Range of \$10.87 to \$11.17 , which includes the \$0.02 of ASU benefit realized in the first quarter.

• Revenue Growth (Full Year 2026) : Expected to be low single-digit growth on a same selling day basis .

• Pricing Contribution (Full Year 2026) : Expected to be 1% to 2% from vendor cost increases and related price pass-throughs.

• Gross Margin (Full Year 2026) : Expected to remain consistent with 2025 , supported by continued supply chain efficiencies, pricing strategies and higher private label sales offsetting the prior year margin benefit from mid-season price increases.

• Operating Expense Growth (Full Year 2026) : Expected to moderate on a quarter-over-quarter basis throughout 2026 as the company focuses on capacity absorption and laps prior year new sales center openings.

• Tax Rate (Full Year 2026) : Estimated at approximately 25% .

• Weighted Average Shares Outstanding (Full Year 2026) : Approximately 36.6 million shares.

• New Sales Center Openings (Full Year 2026) : Expected to open 5 new sales centers for the full year.

• Interest Expense (Full Year 2026) : Range of \$49 million to \$51 million .

Outlook

• New Pool Units : New pool units for 2025 came in at 58,000 , and while the company expects 2026 will be close to that level, the center of gravity of the business is the 5.5 million in-ground pools already installed .

• Growth Thesis : The company's growth thesis does not require a recovery in new pool units and is anchored in maintenance, remodel and share capture across product categories for the existing installed base .

• Macro Backdrop : The macro backdrop has not changed materially from what was described entering 2026.

• Consumer Discretionary Demand : Consumer discretionary demand remains measured , while the installed base continues to drive steady maintenance activity.

• Market Conditions : The industry continues to work through a period of stabilization .

• Chemical Pricing : From management's perspective, chemical prices are fairly stable , though this could change market to market.

• POOL360 Penetration : Management does not see any reason why the company couldn't ultimately exceed a 25% target for POOL360 penetration and maybe higher in the future.

✓ Call Participants

EXECUTIVES

Melanie M. Housey Hart

Senior VP, CFO & Treasurer

Peter D. Arvan

CEO, President & Director

ANALYSTS

Collin Andrew Verron

Deutsche Bank AG, Research Division

David John Manthey

Robert W. Baird & Co. Incorporated, Research Division

David Sutherland MacGregor

Longbow Research LLC

Garik Simha Shmois

Loop Capital Markets LLC, Research Division

Jacob Samuel Nivasch

Guggenheim Securities, LLC, Research Division

Jeffrey David Hammond

KeyBanc Capital Markets Inc., Research Division

Richard Samuel Reid

Wells Fargo Securities, LLC, Research Division

Ryan James Merkel

William Blair & Company L.L.C., Research Division

Scott Andrew Schneeberger

Oppenheimer & Co. Inc., Research Division

Shaun Francis Calnan

BofA Securities, Research Division

Susan Marie Maklari

Goldman Sachs Group, Inc., Research Division

Presentation

Operator

Good day, and welcome to the POOLCORP First Quarter 2026 Conference Call. [Operator Instructions] Please note this event is being recorded.

I would now like to turn the conference over to Melanie Hart, Senior Vice President and Chief Financial Officer. Please go ahead.

Melanie M. Housey Hart

Senior VP, CFO & Treasurer

Welcome to our first quarter 2026 earnings conference call. During today's call, our discussion, comments and responses to questions may include forward-looking statements, including management's outlook for 2026 and future periods. Actual results may differ materially from those discussed today. Information regarding the factors and variables that could cause actual results to differ from projected results are discussed in our 10-K.

In addition, we may make references to non-GAAP financial measures in our comments. A description and reconciliation of any non-GAAP financial measures included in our press release will be posted to our corporate website in the Investor Relations section.

Additionally, we have provided a presentation summarizing key points from our press release and today's call, which can also be found on our Investor Relations website.

We will begin today's call with comments from Peter Arvan, our President and CEO. Pete?

Peter D. Arvan
CEO, President & Director

Good morning, everyone, and thank you for joining us.

As we begin the 2026 season, the industry continues to work through a period of stabilization. Consumer discretionary demand remains measured, while the installed base continues to drive steady maintenance activity. Q1 is our smallest and most weather-sensitive quarter and our focus entering it was on executing cleanly through the shoulder period to position us for the core season ahead.

Our team delivered a solid start with sales growth of 6%, operating income growth of 7%, and a 10 basis point operating margin expansion exceeding our expectations for the quarter. Execution was steady across our geographic footprint with strong maintenance volumes and improving trends in several discretionary categories. **A solid start like this reinforces** rather than changes our full year view. We are confirming our full year diluted earnings per share range of \$10.87 to \$11.17, **which includes the \$0.02 of ASU benefit** realized in the first quarter.

Reviewing sales by geography, **California grew 10%** and Texas 7%, supported by constructive weather and strong maintenance demand. Arizona grew 1% and **Florida declined 1%**, reflecting steady maintenance activities, offset by weather and some softness on the irrigation side in Florida. Across the markets, **our teams adapted quickly to local conditions and our differentiated product portfolio, proprietary brands, technology platforms and supplier partnerships, built and refined over many years, continued to widen the structural advantage** that define our position in this industry. These are not advantages that can simply be replicated by adding locations.

In our other key businesses, **Horizon net sales declined 2%**, consistent with the broader discretionary environment we've seen persist. In Europe, **sales grew 5% in local currency**, building on the improved trends which we exited in 2025.

By product category, we saw broad-based growth. **Chemicals grew 8% on strong volume with standout contributions from our proprietary and private label lines**, which carry structurally higher margins and are gaining traction across the enterprise. **Building materials grew 5%**, continuing to build on our national pool trend offering. This, we believe, builds upon our growing share in this category given the backdrop of muted new construction market. Equipment grew 7% on price and solid volume and commercial was flat for the quarter, largely due to project timing, but exited the quarter with slight growth.

Turning to our 2 strategic aftermarket channels, independent retail and the Pinch A Penny franchise network. **Sales to independent retail customers grew 3%**, a solid setup as they prepare for the core season. And **Pinch A Penny franchisee sales to their end customers grew 4%** and our franchisees opened 7 new independently owned franchise locations in the quarter.

On the digital side, **POOL360 increased to 13% of net sales in the first quarter, up from 12.5% a year ago**. Our teams continue to make steady progress engaging customers through enhanced offerings and most recently -- or most recently POOL360 Unlocked. Between our digital investments and our distribution network, we are well positioned to continue deepening customer engagement across both professional and DIY end markets.

Consistent with what we have discussed last quarter, we remain disciplined on our sales center expansion -- or capacity expansion and are focusing on driving more value from our existing footprint. **We consolidated one sales center into its existing market in the quarter, bringing our total to 455 sales centers**. We still expect to open 5 new sales centers for the full year. This is a measured productivity first posture, the right stance given the current environment. We have made several investments in our network, our technology and our people over the past several years, and our focus now is on leveraging those investments rather than adding to them. You should expect our expense growth rate to moderate as we grow into the capacity that we have already built.

As we look at the rest of the year, the macro backdrop has not changed materially from what we described entering 2026. New pool units for 2025 came in at 58,000. While we expect 2026 will be close to that level, it is important to remember that the center of gravity of our business is the 5.5 million in-ground pools already installed. We serve that installed base with a combination of product innovation, customer experience and go-to-market capabilities that no one else in the industry can match. Our growth thesis does not require a recovery in new pool units. It is anchored in maintenance, remodel and share capture across product categories for the existing installed base.

Our teams remain focused on executing the plan we had set out entering the year, maximizing share across product categories and investing deliberately in technology, private label and partnerships that extend our reach. Over nearly 4 decades, we've built something that goes well beyond distribution, an integrated platform of supplier relationships, proprietary products, technology, franchise networks and field expertise that no one can replicate. We have deliberately invested in that platform so that we perform in the environment we are in today. And so that **we are in a fundamentally stronger position** whenever the cycle turns. The depth, the reach and the relationships that we have built are unmatched, and we are getting stronger and not standing still.

We look forward to sharing more about our strategic priorities and capital allocation discipline at our Investor Day on May 12. I want to thank our team, our vendor partners and our customers for the work and the trust that underpins what we do. Our people are the reason we start each season ready to win and their efforts in Q1 set us up for the season ahead.

I will now turn the call over to Melanie Hart, our Senior Vice President and Chief Financial Officer for her commentary. Melanie?

Melanie M. Housey Hart

Senior VP, CFO & Treasurer

Thank you, Pete, and good morning, everyone. **We are happy to share a solid first quarter with net sales increasing 6%** compared to the prior year period. The 6% increase reflects approximately 3% from pricing, 2% from volume in our maintenance and discretionary categories, and 1% from customer early buys and foreign currency translation.

Pricing contributed approximately 3% to sales growth in the first quarter. This reflects an estimated 1% to 2% full year price realization from current year increases supplemented by an approximately 1% incremental benefit from mid-season pricing actions that were implemented at the end of April of the prior year. We expect this pricing contribution to normalize in subsequent quarters when fully reflected in our year-over-year comparison. Within our chemical product lines, **we have observed some moderation in pricing from levels** seen at the beginning of the quarter. But at this time, we are not realizing a significant impact on consolidated net sales. We will continue to monitor market conditions.

Volume growth was a meaningful contributor to our top line performance with our maintenance and discretionary product categories, delivering a combined 2% increase driven by improved demand across equipment, parts and chemical volumes. The positive momentum we experienced in building materials during the back half of 2025 carried into the first quarter, providing support to overall sales growth. Building **material sales for the quarter increased 5%**, and we are encouraged that our results continue to track ahead of permit data. **Permit data remains lower than prior year levels through the end of the first quarter.**

Finally, **the benefits we saw from early buys and foreign currency translation provided an approximately 1% tailwind** to reported sales in the first quarter. We do not anticipate currency to be a material contributor to full year results as the favorable translation impact is expected to diminish in the seasonally stronger second and third quarters as the sales base increases.

Gross margin for the quarter was 29%, a decrease of approximately 20 basis points compared to the prior year period. **Primary drivers of the year-over-year change during the quarter were product mix,**

inbound freight associated with stocking levels for the season and increased early buy activity. Product mix was the most significant driver of the year-over-year variance. **Equipment sales grew 7% in the quarter** and given the lower relative margins of this category, the strong volume performance diluted consolidated gross margin. **We view this growth as strategically positive.**

Customer early buy activity also increased in the quarter. As is typical with early buy programs, **these sales reflect modest discounts from regular season pricing and therefore, carry somewhat lower margins** than our in-season business. **The increase in early buy volume** is consistent with our go-to-market strategy and positions us well for the selling season ahead. **Customer mix and chemical margins were also modestly below prior year levels**, though neither represented a material individual driver of the variance. Partially offsetting these headwinds, we continue to realize benefits from our pricing initiatives and ongoing supply chain actions.

First quarter gross margins are in line with our historical seasonal patterns and should not be viewed as sequential from fourth quarter levels.

Operating expenses for the first quarter were \$247 million or a 5% increase over the same quarter in prior year. The increase was driven by the addition of 6 greenfields opened after March of last year, technology cost and overall inflationary increases. As discussed on our year-end call, **our 2026 operating plan is focused on unlocking efficiency across the 50-plus greenfield locations opened over the past 5 years, combined with process improvements** resulting from our ongoing investments in POOL360 and its expanded capabilities. First quarter results are tracking in line with that plan.

Operating income of \$83 million increased \$5 million or 7% compared to the prior year. We realized a 10 basis point operating margin improvement. Interest expense of \$12 million reflects the incremental borrowings associated with share repurchase activity during the quarter.

Diluted earnings per share of \$1.45 increased \$0.03 compared to the prior year. Prior year included a \$0.10 ASU benefit versus \$0.02 in the current quarter. Excluding the impact of ASU in both periods, **diluted EPS increased \$0.11 or 8% for the first quarter**, reflecting our ability to generate earnings growth with top line expansion.

Moving to our balance sheet and capital allocation. Consistent with our normal seasonal pattern, we executed our vendor early buy programs to ensure appropriate inventory coverage heading into the season. **Inventory at March quarter end was \$1.7 billion, 14% higher than first quarter last year and an increase** of approximately \$200 million from year-end as product was received and positioned across our network. Our current inventory includes stocking for new locations and acquisitions added to the network, new product introductions resulting in a broader product range and cost inflation relative to the same period last year, with some opportunistic purchases made ahead of current season price increases. Inventory investment is concentrated in our fastest-moving product lines, and we would expect a normal seasonal reduction in inventory levels as we move through the peak selling season.

We ended the first quarter with total debt of approximately \$1.2 billion and a leverage ratio of 1.7x, which is within our stated range. As is typical, **debt levels will increase through the first half of the year** as seasonal inventory builds and early buy payments come due before declining in the back half of the year as receivables are collected.

Net cash provided by operations was \$25.7 million for the first quarter compared to \$27.2 million in the prior year period, with the year-over-year change primarily driven by higher inventory purchases in support of the upcoming selling season. **During the quarter, we repurchased approximately \$64 million in shares, an increase of \$8 million over the prior year period**, with \$271 million remaining under our current repurchase authorization. We will continue to execute share repurchases in an opportunistic and disciplined manner, consistent with our capital allocation framework.

Even with our first quarter trends tracking ahead of our expectations, full year guidance remains unchanged. **We continue to expect a 1% to 2% pricing benefit for the full year of 2026 from vendor cost increases**

and related price pass-throughs. Combined with growth from the installed base of pools and the absence of any meaningful recovery in discretionary spending, we expect **top line performance to be a low single-digit growth on a same selling day basis.**

Gross margin for 2026 is expected to remain consistent with 2025, supported by continued supply chain efficiencies, pricing strategies and higher private label sales offsetting the prior year margin benefit from mid-season price increases.

As indicated at year-end, first quarter reflected the highest year-over-year expense comparisons. We expect expense growth to moderate on a quarter-over-quarter basis throughout 2026 as we focus on capacity absorption and lap prior year new sales center openings. Incremental incentive-based compensation, if earned, will be recorded in proportion to estimated operating income growth and the costs associated with new sales center openings in 2026 are expected to be weighted towards the back half of the year.

With the share repurchases during the quarter, our projected interest expense is now a range of \$49 million to \$51 million. We would expect second quarter to have the highest interest expense of the year following the payment of early buys. Our estimated full year tax rate remains approximately 25%, with the second quarter rate to be approximately 25.5%. Our guidance does not include ASU benefits beyond the \$0.02 recognized year-to-date as we continue to expect the full year impact to be less than prior year.

We are expecting approximately 36.6 million weighted average shares outstanding for the rest of the quarter and the full year, updated for our first quarter share repurchase activity. Guidance remains unchanged with a diluted EPS range of \$10.87 to \$11.17, including the \$0.02 ASU tax benefit recognized in the first quarter. **The midpoint reflects a 2% to 3% growth over prior year.**

POOLCORP's first quarter results demonstrate the earnings power of our model, even in a market that has not yet seen a full recovery in discretionary activity. **Pricing discipline, supply chain execution and the growing contributions of POOL360 are working as intended and our network continues to expand in a way that strengthens our competitive position for the long term.** We entered the peak season with confidence in our team, our inventory position and our ability to deliver.

I will now turn the call over to the operator to begin our question-and-answer session.

Question And Answer

Operator

[Operator Instructions] The first question comes from Susan Maklari with Goldman Sachs.

Susan Marie Maklari

Goldman Sachs Group, Inc., Research Division

My first question is on your ability to realize the return on investments that you talked about coming into this year. As the pool season starts to come together, can you talk about your competitive positioning? What you're hearing from the sales centers and your customers in there? And just how you're thinking about that overall positioning as we move into the spring/summer?

Peter D. Arvan

CEO, President & Director

Sure. When we think about getting ready for the season, we think about making sure that we have all of the sales centers ready for the surge of business that happens during the second and third quarter. That means that having the right inventory in the right location, having a staff **that is fully trained and frankly, excited about the season**, having all of our new products ready to be introduced to customers, working really hard on early buys to make sure that we have the product out in the field at our customers' locations ready to sell, making sure that we have explained all of the new product offerings that are available to our customers so

that they can help grow their business and that our marketing programs are finely tuned to kick off the demand creation efforts that we do that are very unique in the industry.

And then it's a matter of making sure that in the sales centers that our teams are ready for the surge of business and that **we've taken advantage of the investments** that we've made in capacity creation so that we get better every year. We have a performance-based culture and every year, there is a drive to make sure that whatever we did last year, that we do better this year, whether it is our productivity levels in the sales centers, whether it is our efficiency in serving customers and how quickly we get them in and out the door. All of those things are part of the overall customer experience that we focus on.

And especially with the newer locations that we opened up in the last couple of years, the newer ones are the ones that we pay the most attention to, to make sure that they're ready to start without missing a beat.

Susan Marie Maklari

Goldman Sachs Group, Inc., Research Division

Okay. That's helpful. And then, **I guess, given the geopolitical environment and the moves that we're hearing in consumer sentiment.** What are you hearing from your customers on the ground? Has there been any change in how they're thinking about their backlogs or consumers' willingness? And what are you seeing on those discretionary side of the business?

Peter D. Arvan

CEO, President & Director

I think that we continue to watch the health of the consumer. We watch housing turnover, frankly, the age of the installed base all matter. What -- it's early in the year to look at permit data and try and draw any conclusion for where we'll end up because the first quarter is just so small relative to that. So there's a lot of -- first quarter is really kind of selling season and now the builders are trying to lock down contracts.

So I can tell you that I've heard everything from very optimistic, and I'm sold out to other areas where they're still trying to pursue contracts to make sure that they can lock up the season. So on balance, I would say, relatively unchanged with some green shoots, I would say.

Operator

The next question comes from David Manthey with Baird.

David John Manthey

Robert W. Baird & Co. Incorporated, Research Division

Pete, as you mentioned, I realized **the first quarter is seasonally volatile**, but we saw a couple of decent-sized changes in some of the supplementary information you provided. So chemicals staged quite a turnaround here. Florida, I guess, it had been growing a little bit, now **it's down 1%**, and California and Texas are booming. I'm just wondering if you can talk about those to the extent there's any signal there versus noise in the first quarter.

Peter D. Arvan

CEO, President & Director

Yes. I'd be careful about drawing huge conclusions on first quarter, but I'll give you just a couple of things to think through. In terms of chemicals, first quarter is actually one of the quarters that -- so when you're trying to sell a program to a dealer, dealers typically don't convert during the season, they convert after the season and then they would load their inventory into the stores for the upcoming season.

So as you know, with our private label chemicals, our Regal and E-Z Clor lines, which we believe are best-in-class, especially when paired with the technology tools and the water testing apps that we have and water testing strips, everything for the integrated systems, I think **we saw good traction from the dealers** and

specifically on the retail side, that has helped our traction that we're seeing on the chemical side. And frankly, the teams are out hunting that business because I think we've got a great value proposition.

When I look at California and Texas, California, I think, benefited a little bit from weather. California was pretty hot in -- earlier in the first quarter, which is atypical. So that weather pattern helped. And I think the same was true for a bit of Texas. But again, it's so small and relative to the grand scheme of things that I don't know that I would draw a whole lot of conclusions from that. But I can tell you, the team did a very good job of explaining the value proposition and winning share at the dealers in the first quarter. And I think **that's just a result of conveying a very strong message of the best value proposition in the industry.**

David John Manthey

Robert W. Baird & Co. Incorporated, Research Division

Yes. And second, **you've talked about growth in OpEx expected to slow through the remainder of the year,** and Melanie mentioned that. Could you tell us, does that still kind of anticipate that full year OpEx will be in that 60% to 80% range relative to gross margin or sales dollar growth? I know it's a target, but based on your guidance ranges and how you're looking at the business, is that still the target for 2026?

Melanie M. Housey Hart

Senior VP, CFO & Treasurer

That is the long-term target, but you should remember for 2026, we do also have that incentive comp reload. So where we do expect to get some leverage for the year, some of that natural leverage will be offset by that rebuild on the compensation side. So it will be a little bit lower than our normal long-term algorithm.

David John Manthey

Robert W. Baird & Co. Incorporated, Research Division

And that comp reset was -- I think you talked about \$15 million. Is that still the case?

Melanie M. Housey Hart

Senior VP, CFO & Treasurer

Yes, at the low single-digit growth.

David John Manthey

Robert W. Baird & Co. Incorporated, Research Division

Got it.

Peter D. Arvan

CEO, President & Director

What we're counting on, Dave, though, is the absorption as the new sales centers that we've opened last year and the year before, as they continue to gain traction and the absorption rate on that cost improves. And when you couple that with slowing of adding new investments to the business, because I think we're adequately invested in most areas right now. I think the results for the back half of the year are encouraging.

Operator

The next question comes from Ryan Merkel with William Blair.

Ryan James Merkel

William Blair & Company L.L.C., Research Division

I wanted to start with gross margin. Peter, Melanie, can **you quantify the impact to gross margin from the customer prebuy** and then also the higher equipment mix? And the reason I ask is, I think last quarter, **you**

guided gross margin slightly up year-over-year in the first quarter. So curious what was different versus what you thought?

Melanie M. Housey Hart

Senior VP, CFO & Treasurer

Yes. So we're not going to provide a kind of detailed quantification of that. But if you think about what we have talked in kind of relative margins, so we generally will talk about kind of building materials having the best margin and then after that would be chemicals, and then after that would be equipment. So with the equipment being the higher portion of the first quarter sales and really kind of outgrowing our expectation that's really where **we saw some dilution of the consolidated margins.**

Ryan James Merkel

William Blair & Company L.L.C., Research Division

Got it. So in my own words, it sounds like the equipment growth surprised you in 1Q versus what you thought?

Melanie M. Housey Hart

Senior VP, CFO & Treasurer

It was a very pleasant surprise.

Ryan James Merkel

William Blair & Company L.L.C., Research Division

Okay. Got it. All right. That's good to hear. And then second question is, can you just comment on what you're seeing so far in April? And how does that compare to March? And I'm just curious if March had a weather boost and trying to figure out if that's continuing into the second quarter.

Peter D. Arvan

CEO, President & Director

Yes. I think we're -- I don't know, most of the way through April, and I guess I would characterize April as expected. So it's -- for what we have contemplated within our guidance and with the plan, I mean, April is going as expected.

Operator

The next question comes from David MacGregor with Longbow Research.

David Sutherland MacGregor

Longbow Research LLC

I guess, I wanted to just ask about pricing and inflation and demand elasticity. And I guess, in the past, where within the mix have you seen this sort of first appear? And do you feel your private label offering has sufficient breadth to maybe offset by capturing the downmarket shift? And would that downshift be margin accretive?

Peter D. Arvan

CEO, President & Director

Yes, I'll take that, David. It's the way, I would -- I wouldn't want anybody to position our private label as a down price offering. We look at our private label and have intentionally focused on making sure that it is a very high-quality product. So we're not actually selling it saying, hey, we're trying to make -- we're trying to have a cheaper offering, we're trying to have an offering that has tremendous value and is very high quality.

I think when it comes to the inflation, where we have seen it, and **I've commented on this before,** **obviously, inflation** drives the -- it's most prevalent in discretionary when you get into the cost of a new pool. And then when you get into -- on the maintenance side, there are some parts of maintenance that we would call semi-discretionary. A pump and a filter, nondiscretionary. If those need to be replaced or repaired, they have to be replaced or repaired. But you get into heaters and/or lights, something like that. If somebody doesn't want to fix that, if there's one that needs to be replaced, you don't actually have to have that to continue to safely operate the pool.

So in some areas, that's where **we have seen some decline in demand.** But I would tell you that, that's already in and baked in. So we're not seeing that either change materially from what we've seen over the last couple of years.

David Sutherland MacGregor

Longbow Research LLC

Okay. Okay. Got it. And thanks for the clarification on the private label. I guess, second question is just on equipment sales, **which obviously look encouraging,** I guess, at this point, which you saw this quarter. Any sense of how much deferred investments may be in the market there? And just, I guess, given the rate of catch-up following prior downturns, what could that contribute to growth over the next year or 2?

Peter D. Arvan

CEO, President & Director

Can you clarify your question? I just want to make sure I answer the right question. On your comment on deferred. What are you...

David Sutherland MacGregor

Longbow Research LLC

Well, I'm just -- **I'm getting the sense that the equipment sales, there's been some deferral with the downturn.** And so now it looks like we're starting to see people spending money on equipment again. And so I'm just trying to get a sense of how much deferred spending may have occurred there.

Peter D. Arvan

CEO, President & Director

Yes. I think there is -- as a couple of pieces of equipment transition to longer life items. So like when the industry moved from single-speed pumps to variable speed pumps, by their very nature, variable speed pumps last longer, sometimes up to 2x longer than a single-speed pump. So if you go back to 2018 when that regulation went into effect, then you just do the -- you extend out the life of a variable speed versus single speed, those variable speed pumps that were installed very early on in the transition that would have gone well past the normal life of a single-speed pump. Those will now start coming into the replacement cycle, we believe that.

And the same thing as it relates to like incandescent lights, which were much shorter life than the LEDs that replaced them. And those 2 -- as we work through that cycle, you'll start to see more replacement for that. So that's all encouraging for us for the future.

Operator

The next question comes from Scott Schneeberger with Oppenheimer.

Scott Andrew Schneeberger

Oppenheimer & Co. Inc., Research Division

I'm going to focus a bit on pricing. I guess, Melanie, for you, you discussed that we're going to be lapping the tariff pricing that started in April last year. I'm just curious how we should think about that? Did that ramp

much in the second quarter? Will we see that as a comp in the second quarter not really until we get to the back half? Just curious how we should think about the cadence and the impact of that since it's a full point in the guidance calculation.

Melanie M. Housey Hart

Senior VP, CFO & Treasurer

Yes. So when you look at full year pricing, we are at the 1% to 2%, which is based on the current year increases. And so in the first quarter, we had that incremental 1% **that was really the tariff price increases** that we saw last year. In second quarter of last year, **we did have some benefit from those price increases**, so we will be lapping that. So at this point, for the remainder of the year, we would expect pricing to be more in that 1% to 2%, just reflecting the current year cost increases.

Scott Andrew Schneeberger

Oppenheimer & Co. Inc., Research Division

And then with **this really solid move in the first quarter in chemical, and I think one of you mentioned that there was some good private label**, which is higher margin activity there. Could we see upside this year, just a little bit behind the strength there and the possibility for persistence in it and also the margin element of the private label with the chemical impact?

Peter D. Arvan

CEO, President & Director

Yes. **We're very encouraged by chemicals in the first quarter** because that's the nondiscretionary part of the business. And it really goes into 2 channels, right? It goes to the pro channel, which is -- that's your day in, day out, foot traffic into the branches, which is very encouraging. And that's driven by the value proposition that we have. That's the 40-year relationships, that's the expertise in the branch, that's the footprint. That's the customer experience they get there, the tech platform and frankly, the quality of the private label product that we're selling.

And then the other side of that is going to be the independent retail taking that product on and putting it on their shelves and that being their go-to brand for the season. So **we're encouraged by the results in the first quarter**. And we think that as the season progresses, **that will be just a good tailwind for us**.

Operator

The next question comes from Garik Shmois with Loop Capital.

Garik Simha Shmois

Loop Capital Markets LLC, Research Division

Just on the expectation that you have for operating expense growth to moderate. You mentioned improved operating leverage on recent greenfields. I'm wondering if there's anything else besides that in the calculation? Are you expecting certain cost actions in addition to better operating leverage?

Melanie M. Housey Hart

Senior VP, CFO & Treasurer

Yes. So we are focused on ensuring that the greenfields that we put into place, that we're continuing to get those up to fleet average. So there's our concentrated effort on that, which does drive operating leverage at those locations. And then along with that, we are constantly kind of evaluating from both a seasonal standpoint and a market standpoint, ensuring that we're operating effectively within our capacity creation efforts. So we've talked about utilizing the benefits of POOL360. So looking at as **we continue to increase our sales through POOL360 at each location**, that gives us the opportunity to evaluate our operating model in those locations.

Garik Simha Shmois

Loop Capital Markets LLC, Research Division

Okay. A follow-up question is just on chemical prices. There's a comment, I think, in the prepared remarks that they moderated in the quarter, but you're not seeing an impact to sales. Just wondering if you can assess if there's going to be a risk that **it becomes a bigger headwind in future quarters** at all.

Peter D. Arvan

CEO, President & Director

Yes. I don't know. From where we sit right now, our view is that chemical prices are fairly stable. So I don't -- I mean, that could change, but from where we sit right now, I don't see it in any meaningful way. I mean, it could happen market to market. Somebody, a competitor could do something in a market, but I don't see anything structural where there's a setup for that to change.

Operator

The next question comes from Sam Reid with Wells Fargo.

Richard Samuel Reid

Wells Fargo Securities, LLC, Research Division

Just wanted to quickly dive into the inventory comment around new product introductions. Specific examples, but also, are you doing any more, say, around like white label China import product? I just want to better understand some of the nuances there on the inventory line.

Peter D. Arvan

CEO, President & Director

Yes. Our job as a distributor is to make sure that we have the best product offering for our customers, no matter where it comes from. So I wouldn't say that there is a -- if you look at our private label products, much of that product is domestically produced, and there is some of it that comes in from import and that's frankly always been the case. But our view on new products is not new products, lower cost for the sake of lower cost. What we look for is new products that have new technology that help us expand the market. So we look for highest quality features and benefits that our customers and their customers would want to drive demand.

So I mean, in no way, shape or form, do we go out and look for, hey, I just want to find the cheapest pump, the cheapest filter. If that was our goal, our product mix would be very different than it is today. We focus on having the best product, highest quality, professional-grade products that will help our customers grow their business.

Richard Samuel Reid

Wells Fargo Securities, LLC, Research Division

All helpful, Pete. And maybe just a quick one on the prebuy activity during the quarter. I mean, you did break out the prebuy contribution in your bridge. I'm just curious though roughly, what is the gross margin for a customer that prebuys a product versus, say, a nonprebought product? I would just love maybe that split on your gross margin line, just so we could better understand the impact to gross margins in that first quarter from prebuys.

Peter D. Arvan

CEO, President & Director

Yes. We typically don't break that out. I mean, because there is no one answer, it varies, right? It varies by customer, it varies by the products that they buy, and so the overall mix. So unfortunately, I can't give you an answer that says, hey, it's this many bps for that type of customer versus a customer that buys normally

because it depends on when they buy, how much they buy, and what they buy, and how large of a customer they are for us.

Operator

The next question comes from Collin Verron with Deutsche Bank.

Collin Andrew Verron

Deutsche Bank AG, Research Division

I just wanted to follow up on the equipment and the replacement cycle. Can you just put some numbers around what the useful life of the equipment is now? And just given that useful life, do you see a replacement cycle in the next couple of years just because we're coming up to 5 or 6 years post-COVID when there was a lot of demand?

Peter D. Arvan

CEO, President & Director

Yes. Let me characterize it like this. The expected life of equipment varies tremendously, based on what the product is and the operating conditions that it's used, whether it's in a seasonal market or whether it's in a year-round market, and whether the product is properly maintained or not and with weather events. In general, part of the value proposition of a variable speed pump is that it runs instead of that full rate under full load all the time. It runs at a lower load which extends the life. It could extend the life by 30%, 40%, 50%, it really depends on many, many other factors. But in general, it has extended the life span of pumps. It doesn't really have much of an impact on filters or anything like that.

Heaters, it's really a function of water quality, more than anything else. If you maintain great water chemistry that can extend the life. You could have a brand-new product with lousy water chemistry and destroy it very quickly. But in general, we look at 2 categories for life expectancy changes that were by design, if you will. One is the variable speed pump. Certainly, last longer than the single-speed pump in the range of what I just discussed. And then if you look at LED light bulbs for the pool, those certainly on an apples-to-apples basis are going to outlast an incandescent. So since the time that both of those products were introduced **we see that there should be opportunity** for that replacement market coming up.

Operator

The next question comes from Jeff Hammond with KeyBanc Capital Markets.

Jeffrey David Hammond

KeyBanc Capital Markets Inc., Research Division

I just want to come back on inventories, 14% growth. I think you mentioned that the broader product range and service levels, but just maybe how would you characterize inventories where you want them to be? And then just back on that, broadening the product range. Can you talk -- give us some examples about the new tech or expanding the market type products that you mentioned in the prior comments?

Peter D. Arvan

CEO, President & Director

Yes. So in terms of the inventory, if I look at the -- certainly, **the level of inventory is up.** If I look at the profile, the profile is what I would characterize as extremely healthy. We're actually very astute buyers when it comes to buying inventory. So if I look at the dollars and where those are, if they're not sitting in a significant amount and a bunch of new products that don't have any sales history. They're sitting in very high moving items. So I really -- from an inventory perspective, I spend very little time worrying about the inventory levels because I think the team has -- does an amazing job controlling inventory, and we generally do what we say every time.

When I think about new products, I'll give you an example. So in our private label line, we have a regular chlorine tablet, which has been around forever in the pool industry. And now we also have a proprietary product, which is an Xtreme Tab. The Xtreme Tab has additives in the tablet that distinguish it from a standard tablet. It has more additives in it that produce a better quality pool, it has stain inhibitors, it has algaecides, and then it has clarifiers and other products that distinctly differentiate that product. And **our customers and their customers see a big benefit from that**. So that tab -- or **that product is growing nicely**.

Another example would be our -- something in our filter cartridges. So we have a proprietary bandless antimicrobial cartridge filter, which is much faster to service and has a very low micron filtration rate, which again helps produce a clearer pool. And that's especially important when you think about LED lights, which are getting brighter and brighter. So any time somebody upgrades their lights, if **the water quality isn't really good**, you'll start to see those suspended particles. So great filtration to complement lights matters a lot, and we're right there for the customers to provide those products.

Jeffrey David Hammond

KeyBanc Capital Markets Inc., Research Division

Okay. Those are great examples. Just on pricing, I think you mentioned you expect it to moderate. I'm just wondering if you're hearing of any potential follow-on price increases, whether it's freight inflation from higher gas or oil-based products. I think we heard about some pricing actions in salt chlorinators, Section 232 kind of tariff update. Any chatter of any follow-ons coming?

Melanie M. Housey Hart

Senior VP, CFO & Treasurer

Yes, there has been some chatter. I would tell you when we look across our product category from where we kind of stood this time last year. Last year, when **we talked about the impact from the tariffs**, we did have an incremental 1% that we added to pricing for the forecast for the year. At this point, some of it's noise. We've gotten some notices from vendors, but I would say **it's not as widespread** as we were at about 30% of our cost of product this time last year where we had announced price increases per se, and we're just not at that level at this point. So we don't have as much of an impact expected. So we're still kind of waiting to hear from -- if other vendors have reactions to what's going on in the market.

Operator

The next question comes from Steve Forbes with Guggenheim.

Jacob Samuel Nivasch

Guggenheim Securities, LLC, Research Division

This is Jake Nivasch on for Steve. Just one for me. I wanted to dig into POOL360 a little bit. **So it's nice to see that penetration levels continue to increase** as seen from this quarter from the prior year period. And just curious what the expectation is for the year for this platform, I guess, from a penetration standpoint? And I guess, as a follow-up, I'm curious about what the customer retention looks like utilizing this platform. Were you seeing when perhaps some of the newer branches, perhaps they're utilizing that a little bit more than some of the older vintages? Or is it the dynamic not really related to that? Just any sort of update there would be great.

Peter D. Arvan

CEO, President & Director

Yes. We're actually very encouraged by POOL360. We think it is a structural differentiator for POOLCORP, both in customer experience and certainly from a cost to serve perspective, which is why we've had so much focus on it. What's interesting is, is that there are some regional differences in the adoption rate. There are some -- we have some [indiscernible] very high utilization, some well over 30% in the tool, and we have some that are

lower. So some of that is just some what seems to be regional differences and some of it is just opportunity on our part.

So we continue to focus on improving the quality of the tool. Everyday people wake up and say, how do we make it better? How do we make it better? How do we make it better? What new features do we have to add? How do we communicate those? And how do we train the customers and our branch teams on those features? So there's a range. So I don't think we're anywhere near as a company near entitlement of our penetration. As last year, we ended for the total year at 17%. And as I mentioned, we have some branches that are well over 30%.

So for me, I don't see any reason why the company couldn't ultimately exceed 25% target and maybe higher in the future, it all depends. So it's important that we remain flexible with our customers, though, and not try and force them into using it. We do business with our customers the way they want to do business with us. Some of them embrace the digital tools, some people like the face-to-face.

Operator

The next question comes from Shaun Calnan with Bank of America.

Shaun Francis Calnan

BofA Securities, Research Division

Just first, can you talk about what you think drove the better early buy this year? Do you think customers are more worried about potential price increases? Or do you think this is like a view that they're more optimistic on 2026?

Peter D. Arvan

CEO, President & Director

Yes. I don't know that it was a fear of price increase. I think it's a couple of things. I think that early on in the year, there is always a fair amount of optimism because customers don't know what they don't know. And by nature, our customers tend to be fairly optimistic. So that's a portion of it.

I think to scale it, when you look at some of these early buys, I don't know that there's any risk for any of the customers with an early buy. It's not like they're buying a year's worth of inventory. So they're buying some inventory to start the season. So I don't know that anybody is betting the farm on what they buy. So I would say it's a function of our sales efforts, the quality of our products and how well we serve the customer more than anything.

Shaun Francis Calnan

BofA Securities, Research Division

Okay. Got it. And just as a follow-up, you had mentioned being able to get some discounted equipment last quarter, did you pass that discount along to your customers? And was there any change in the structure of your early buy discounts?

Peter D. Arvan

CEO, President & Director

I assume you're referring to early buys. And early buys are just part of the normal course of business. And I think we had a question earlier about pricing on early buys. And again, the answer is it just depends on the customer, the product mix they're buying, how much they're buying, and things like that, there is no formulaic that says, this means that as it relates to the price increases.

Operator

This concludes our question-and-answer session. I would like to turn the conference back over to Peter Arvan, President and CEO, for closing remarks.

Peter D. Arvan

CEO, President & Director

Yes. Thank you all for attending today's call. We look forward to you joining us -- or joining our Investor Day webcast on May 12, when our executive leadership team covers strategic initiatives and our long-term financial outlook in more detail. And on July 23, when we announce our second quarter 2026 results. Have a wonderful day.

Operator

The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.

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