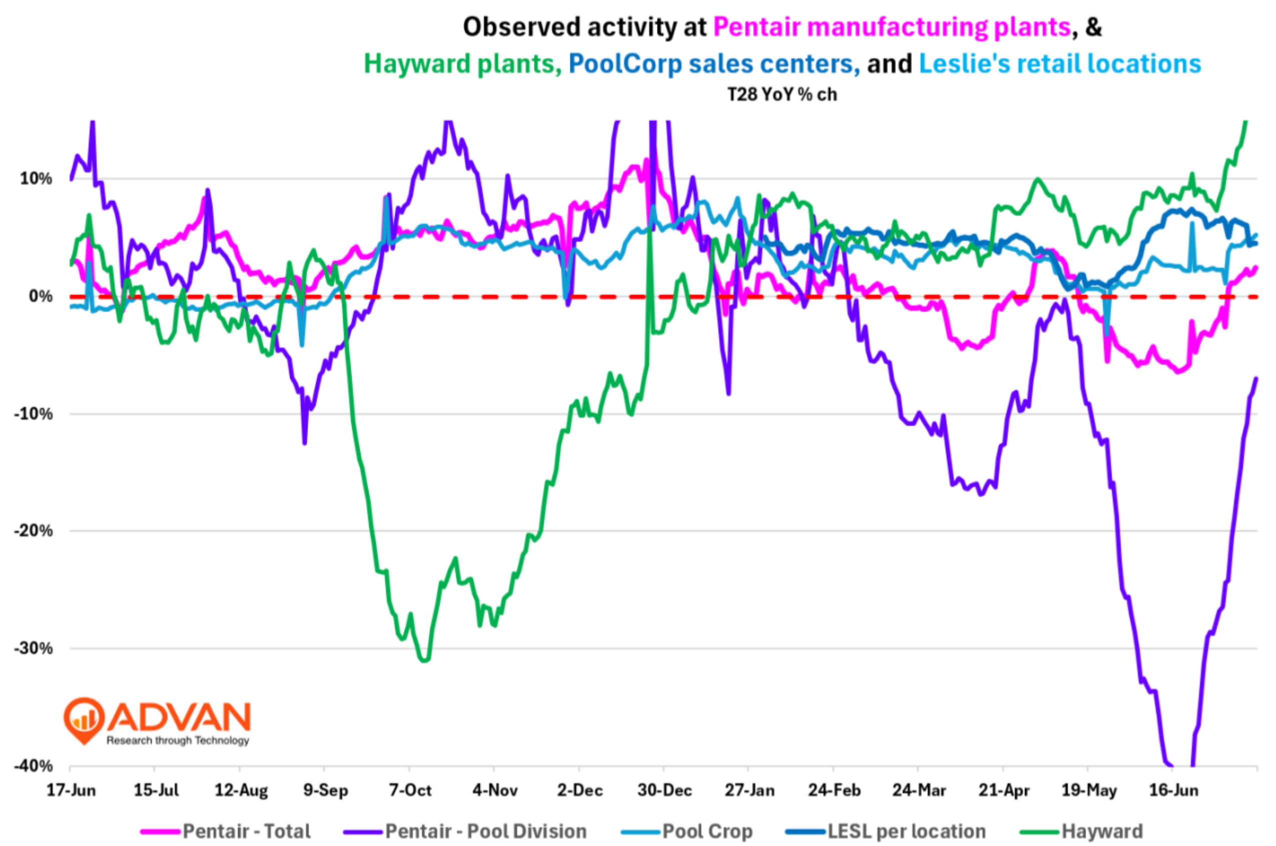
TICKER | SYNOPSIS + LATEST UPDATE

*Machinery is a commercial-billed business and sales volume is based on facility activity; as such, Advan's observed activity (shifts / hours worked) provides a superior indicator to other AltData types. (Importantly, **we don't** measure price, mix, and delivery issues.) The following is based upon all observable US facilities; we can also provide activity for individual sites. Advan delivers daily activity with a T+1 latency on over 2K tickers. Advan has also aggregated activity for over 800 NAICS codes. We sell **our data** by the ticker, sector, and in bulk.*

Our machinery coverage includes: CAT, CMI, DCI, EMR, GGG, ITW, MTW, PNR, ROK, TKR, URI, and WAB (we don't sell research, only data).



In last week's preview of machinery names, we didn't preview PNR; with today's negative pre-announcement, we reviewed the activity at its manufacturing sites (shifts worked + trucks servicing). Did the end markets soften? The steady activity / foot traffic to **PoolCorp** and **Leslie's** suggests not, albeit a modest pothole during May. Moreover, since early May, the activity has picked up at competitor **Hayward Holdings**. By contrast, there were two deep slowdowns in Pentair Pool Division as shown. March's preceded PNR's April 28th Q1 earnings call. They spoke of nothing unusual on the call other than "Pool sales are expected to increase approximately 1% to 3% in 2026. While we're encouraged by sell-through dynamics in Q1, sell-through levels for this pool season, which concludes in Q3 of 2026, **may require** our channel partners to reduce purchases in Q2 and Q3 to reflect 2026 pool industry growth… [Q2] Pool segment sales are expected to be approximately flat to up 1%, reflecting our active management of sell-in and sell-out dynamics." Today's release read, "[Total company sales] are expected to be … down 17 percent versus previous guide of up approximately 1 percent primarily due to the **adverse impact of Pool channel inventory** [and full-year] Sales are expected to be down approximately 4 percent to 7 percent versus previous guide of up 2 percent to 4 percent mostly attributable to destocking of inventory in the Pool channel and right sizing of channel inventory in preparation for the 2027 pool season." The annual figures imply a lower outlook of -$355M, or approx. -30% relative to Q2-Q4 Pool segment revenue. Wow! That's a lot of destocking.

On the Q1 call, CEO John Stauch said, "I think we have two components to our growth. The first one is we measure and manage sell-through growth, which is equal to what you see as the channel distribution measurements, right? So generally, in line with all of those external pulse points that you're hearing, but we also have ship-in growth or sell-in growth that goes into the channel... We think that the current sell-through activity doesn't warrant a big pickup in the sell-in activity and we're expecting that to work its way out through Q2 and Q3 with lower shipments for us and then ultimately, better long-term dynamics as we head into 2027 pool season... And the challenge is that we're just not seeing overall volume growth across the pool industry as a whole... But ultimately, we're hanging in there in what I would say is a flattish market." Maybe that's behind the March activity drop, cutting production and sell-in. It wasn't a strong quarter, as segment volumes declined -6% and total company inventory increased +5% YoY, i.e. the inventory increase suggests that they still **overproduced**.

What would drive the need for PNR to do such a sharp cut back in Mid-May? Leslie's did their earnings call on May 13th and the CFO noted, "Inventory at the end of the quarter (April 4th) was $262.4 million compared to $335.1 million at the end of the second quarter of 2025 due to inventory optimization initiatives and store closures. Despite a favorable YoY **inventory reduction of 22%, in-stocks on key products remain at all-time highs**." Said differently, they were over-inventoried coming into March, and then deeply cut orders / receipts, which likely caused the first drawdown in PNR's plant activity; moreover, not much could be counting for them to reset inventory higher (which PNR may have been counting on in the hope that Leslie was just playing games in its financials).

Leslie's has also been making substantial price cuts to rebuild traffic and volume. Maybe PNR wouldn't give Leslie the price breaks that it was demanding, and **maybe Hayward did**. The absolute decline in PNR Pool activity since May closely matches the absolute increase in activity at Hayward. As such, we suspect that the planned missed volume by PNR is the result of newly won business by Hayward. Should Hayward's Q2 volume be above Q1's rate (+1% in North America), we will know. Should the entire $355M in wholesale $-volume go to Hayward, it would lift its sales by over a 1/3rd. That seems too large, and so, there's likely more to the story; we'll keep following it.

The MC+Advan model is Maiden Century's ML model that maps reported KPIs such as revenue, volume, admissions, nights, rentals, etc. to observed activity in the US. Advan also has CN and EU data. **OSG** stands for Organic Sales Growth

We generally use FactSet as our measure of "consensus." To create the FactSet US revenue estimate, we take the ratio of US to total revenue and apply that to the FactSet total revenue estimate.

The Buysider is produced by Advan's Head of Market Insights**, Thomas Paulson**. Previously, he served as Director of Research and Business Development at Placer.ai, prior to that was two decades as a buysider at AllianceBernstein, Cornerstone, and others