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Market Intelligence

Interface, Inc. NasdaqGS:TILE

Earnings Call

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CALL PARTICIPANTS	2
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PRESENTATION	3
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QUESTION AND ANSWER	7
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Call Participants

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President, CEO & Director

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Alexander Peter Paris

*Barrington Research Associates,
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Brian Biros

Thompson Research Group, LLC

David Sutherland MacGregor

Longbow Research LLC

Presentation

Operator

Thank you for standing by. My name is John, and I will be your conference operator today. At this time, I would like to welcome everyone to the Interface, Inc. Second Quarter 2025 Earnings Conference Call. [Operator Instructions] I would now like to turn the conference over to Christine Needles, Global Communications. Please go ahead.

Christine Needles

Global Head of Corporate Communications

Good morning, and welcome to Interface's conference call regarding second quarter 2025 results, hosted by Laurel Hurd, CEO; and Bruce Hausmann, CFO. During today's conference call, any management comments regarding Interface's business, which are not historical information, are forward-looking statements within the meaning of federal securities laws. Forward-looking statements include statements regarding the intent, belief or current expectations of our management team as well as the assumptions on which such statements are based. Any forward-looking statements are not guarantees of future performance and involve a number of risks and uncertainties that could cause actual results to differ materially from any such statements, including risks and uncertainties described in our most recent annual report on Form 10-K filed with the SEC as supplemented in our first quarter 10-Q.

The company assumes no responsibility to update forward-looking statements. Management's remarks during this call also refer to certain non-GAAP measures. Reconciliations of the non-GAAP measures to the most comparable GAAP measures and explanations for their use are contained in the company's earnings release and Form 8-K furnished with the SEC today. Lastly, this call is being recorded and broadcasted for Interface. It contains copyrighted material and may not be rerecorded or rebroadcasted without Interface's expressed permission. Your participation on the call confirms your consent to the company's taping and broadcasting of it. After our prepared remarks, we will open up the call for questions. Now I'll turn the call over to Laurel Hurd, CEO.

Laurel M. Hurd

President, CEO & Director

Thank you, Christine, and good morning, everyone. Interface delivered strong results in the second quarter with currency-neutral net sales growth of 7% and adjusted earnings per share of \$0.60, both ahead of our expectations. I'm proud of what our teams achieved this quarter, especially in the face of an uncertain macro environment. We continue to see results from our One Interface Strategy. As mentioned previous, One Interface is a multiyear strategy focused on building strong global functions to support our world-class local selling team, accelerating growth through enhanced productivity of our commercial team, expanding margins through global supply chain management and simplifying operations and leading in design, performance and sustainability. I'd like to take a moment to recognize the 11% sales growth that our Americas team delivered this quarter.

We have positioned the Americas business to win across several dimensions, including our combined selling teams, which we've highlighted on prior calls. Since launching these teams in January 2024, our goal has been to harness the full strength of our sales organization, presenting a single cohesive one interface to customers, whether we are selling carpet tile, LVT or nora rubber. This strategy continues to outperform our expectations, driving sales growth in Q2 across all product categories with significant market share gains in carpet tile and rubber. We are especially encouraged by the near 40% growth in nora rubber this quarter in the Americas as more customers experience its value. Additionally, you may recall that we have been focused on expanding the addressable market for Interface through designs and product offerings at more approachable price points to meet the needs of the market. This strategy is also paying dividends for us with examples like our open-air carpet tile platform and 3-millimeter LVT collections.

We believe this disciplined approach to growing our largest, most profitable geographic market will continue to drive value into the future. Turning to manufacturing and supply chain. Our investments in automation and robotics are driving improved margins and greater operational efficiency. Our global supply chain organization leverages insights from across our manufacturing locations to advance productivity, continuous improvement and technology-enabled solutions, all in support of our One Interface Strategy. The new automation systems in our U.S. carpet tile manufacturing are now fully operational and exceeding expectations. These innovations are improving operational efficiency, reducing waste and enhancing our ability to serve our customers.

This also contributes to a more meaningful employee experience as we've addressed some of the hardest to fill labor-intensive roles in our carpet tile manufacturing process. We are now applying these key learnings as we roll out these robotic solutions to our operations in Australia and Europe. Looking ahead, we remain committed to strategic investments that boost productivity, streamline workflows and optimize resources to support sustainable growth and long-term success. The work we've done to reinvigorate our brand globally through our Made for More brand refresh that we kicked off in 2024 continues to drive impact in the marketplace. We had a strong presence at recent high-profile industry events. At Clerkenwell Design Week in London, showroom traffic exceeded expectations, reflecting increased interest in our design forward offerings.

In the U.S., our award-winning Chicago showroom was buzzing during NeoCon and Chicago Design Days with strong engagement from both existing partners and new prospects. We generated promising leads, we expect to convert into meaningful sales opportunities. We introduced 2 significant global product collections at these events, dressed lines carpet tile recognized for its standout product design by Metropolis Magazine and Lasting Impressions LVT. These launches reflect our continued commitment to design leadership and sustainability with both collections resonating strongly with our customers across key verticals. The reception has been very positive, reinforcing the strength of our product pipeline and our ability to meet the evolving needs of our clients across markets.

It's great to see the positive momentum coming out of these 2 important industry events. Before we move to the financials, I want to share a few key highlights from our recently published 2024 Impact report, which you can find on our investor website. We continue to make impressive progress toward our ambitious all-in goal to be carbon negative by 2040 without relying on offsets. As of 2024, we've reduced our carbon footprint of our carpet tile by 35%, LVT by 46% and nora rubber by 21% compared to our 2019 baseline. Across all of our products, 52% of the materials we use are now recycled or bio-based. We've achieved these impressive improvements through material and manufacturing innovations, and we continue to look for opportunities to store more carbon than we emit. Overall, we cut our global greenhouse gas emissions by 4% year-over-year, sourcing 80% of our manufacturing energy from renewables and completed a supplier carbon maturity assessment to deepen collaboration across our supply chain.

We're also on track to achieve our science-based targets by 2030. This success comes from the hard work and passion of our global team. We thrive by doing what's right for our people, our customers, our shareholders and the planet. Now let's turn to our second quarter results. We delivered year-over-year currency-neutral net sales growth of 7%. Strong momentum continued in the Americas where net sales grew 11%. While the macro environment in EAAA remains soft, we're encouraged by the 4% currency-neutral order growth in the quarter, which will convert to billings in coming quarters. Our growth was broad-based across all 3 of our product categories as carpet tile, LVT and rubber all grew in both price and volume in the quarter. Turning to our market segments. We delivered growth across our key market segments, reflecting the strength and resilience of our diversification strategy. Global Education billings increased 11% year-over-year in the quarter during the peak of education season. This was on top of the 13% growth in the second quarter last year.

We are encouraged that nora is becoming a growth engine in this segment, particularly in K-12. Additionally, the work we've done to expand our product offering to more accessible price points in both carpet tile and LVT has supported our growth in education. Strong macro trends, including favorable demographics, modernization initiatives and regional migration patterns will continue to fuel growth in both K-12 and higher education. Interface is strategically positioned based on our design and sustainability

leadership and our broad portfolio of durable and high-performing solutions. In health care, global billings were up 28% year-over-year as we delivered broad-based geographically with both the Americas and EAAA up double digits for the quarter. Our diverse and differentiated portfolio continues to align with the evolving needs of the global health care sector, driven by aging populations, technological innovation and an increased focus on preventative care.

We also continue to benefit from our combined Interface and nora selling teams in the Americas, which is helping us compete and win on more new opportunities as we uniquely meet the demands of the modern health care systems. Corporate office billings were up 3% year-over-year in the second quarter, returning to growth as expected. Momentum continues in this segment as companies move to quality Class A space, where our brand, product offering and design leadership position us to win. We continue to see ongoing investment in workplace refreshes as organizations adapt their environment to meet the evolving needs of hybrid teams. We anticipate these trends will continue in future quarters. Turning to orders, currency-neutral consolidated orders were up 3% year-over-year. Currency-neutral orders were up 2% in the Americas and 4% in EAAA, driven by strength in EMEA, demonstrating our ability to win across diverse global geographies. We ended the second quarter with our backlog up 24% year-to-date, which puts us in a strong position to deliver sales growth in the second half of 2025.

Before I turn the call over to Bruce, I want to take a moment to discuss the current global market dynamics and tariff environment. As we discussed last quarter, we benefit by having local carpet tile manufacturing in each of our regions. This limits our exposure to primarily the U.S. imports of nora rubber from Germany and LVT from South Korea, which represents approximately 15% of our global product costs. We continue to plan to offset these impacts through pricing and productivity initiatives, which is reflected in our guidance. This is a dynamic environment, and we will continue to monitor and respond as necessary to offset tariff-related costs, grow our business and serve our customers. With that, I'll turn it over to Bruce to go through the financials. Bruce?

Bruce Hausmann

Well, thank you, Laurel, and good morning, everyone. Second quarter net sales totaled \$375.5 million, an increase of 8.3% versus the second quarter of 2024, which was better than anticipated. FX-neutral net sales increased 7.1% compared to the prior year's second quarter, and second quarter FX-neutral net sales were up 11.5% in the Americas and flat in EAAA year-over-year. Second quarter adjusted gross profit margin was 39.8%, an increase of 402 basis points from the prior year's second quarter, better than expected due to higher pricing, favorable product mix, lower manufacturing cost per unit on higher volume, partially offset by higher raw material costs. Adjusted SG&A expenses were \$93.4 million in the second quarter compared to \$84.3 million in the second quarter of 2024, due in part to higher sales commissions and variable compensation given strong financial results, higher health care costs, inflation and net unfavorable FX impacts.

Second quarter adjusted operating income was \$55.9 million, a 41% increase compared to adjusted operating income of \$39.6 million in the second quarter of 2024. Second quarter adjusted earnings per share was \$0.60, a 50% increase versus \$0.40 in the second quarter of 2024. Second quarter adjusted EBITDA was \$64.8 million versus \$50.5 million in the second quarter of 2024. We generated \$30.1 million of cash from operating activities in the second quarter of 2025. Liquidity was strong at the end of the quarter, totaling \$419.9 million. Net debt or total debt minus cash on hand was \$182.7 million at the end of the quarter. Our net leverage ratio was 0.9x, calculated as net debt divided by the last 12 months of adjusted EBITDA. We repurchased \$4.3 million of Interface common stock in the quarter in accordance with our balanced capital allocation strategy. And our balance sheet remains strong, providing optionality and flexibility in the current dynamic and uncertain macro environment and the ability to continue investing in the business for growth and margin expansion.

Our focus in 2025 is to continue investing in the business while maintaining a balanced capital allocation strategy to drive long-term value. Capital expenditures in the first half of 2025 were \$14.8 million compared to \$13.6 million in the first half of 2024. Turning to our outlook. Despite a dynamic and uncertain global macro environment, we are raising full year guidance on strong Q2 2025 results. For the third quarter of fiscal 2025, we anticipate net sales of \$350 million to \$360 million, adjusted gross

profit margin of approximately 38% of net sales, adjusted SG&A expenses of approximately \$92 million, adjusted interest and other expenses of approximately \$6 million, an adjusted effective income tax rate of approximately 27% and fully diluted weighted average share count of approximately 59.1 million shares.

And for the full fiscal year of 2025, we anticipate net sales of \$1.370 billion to \$1.390 billion, adjusted gross profit margin of approximately 37.7% of net sales, adjusted SG&A expenses of approximately \$362 million, adjusted interest and other expenses of approximately \$25 million, an adjusted effective income tax rate of approximately 26% and capital expenditures of approximately \$45 million. And with that, I'll turn the call back to Laurel for closing remarks.

Laurel M. Hurd

President, CEO & Director

Thank you, Bruce. Thank you all for joining our call today. We continue to execute our One Interface strategy to drive shareholder value. Interface delivered a strong second quarter, and we have momentum as we head into the second half of the year. Despite continued global economic uncertainty, our strong balance sheet and disciplined execution of our strategy creates a solid foundation for continued success. I want to thank the entire Interface team for their relentless focus on winning business and serving our customers. With that, I will open it up to questions. Operator?

Question and Answer

Operator

Your first question comes from the line of Alex Paris with Barrington Research.

Alexander Peter Paris

Barrington Research Associates, Inc., Research Division

Congrats on the beat and raise. I just wanted to dive into it a little bit more. On the last conference call in discussing results, you had said -- you talked a little bit about early Q2. You said the Q1 momentum carried into Q2 with strong orders and backlog. What was the shape of Q2 performance on a similar basis? Was it accelerating? Or was it more even across the months? And how did July play out, both on the Americas side and EAAA.

Laurel M. Hurd

President, CEO & Director

Great. Thanks, Alex. Let's see. So order growth momentum, as we shared on the last call, April was strong. And we did see a bit of lightening in May and the first half of June, and then it's picked back up. So we're feeling good about where we are from a momentum perspective. July has come in strong from an order standpoint as well, and that's broad-based. It's across the market. We're also encouraged, as we shared on the call, with EAAA's order growth up 4% in the quarter, which is encouraging. There are some green shoots there. And then as well our backlog up 24% year-to-date. So we feel like we're really well positioned in what's a really dynamic market and proud of the growth we delivered in the quarter.

Alexander Peter Paris

Barrington Research Associates, Inc., Research Division

That's great. on the global billing side, you talked about health care, education, corporate office. The rest has kind of collapsed into another group, which is about 25% of the total. I wonder if you have a little color on government and retail and that sort of thing in the second quarter.

Laurel M. Hurd

President, CEO & Director

Yes. Honestly, when we look across the globe, across our markets, almost every market saw a bit of growth. So we saw a little bit of growth in government, actually, it was pretty strong. Retail also up. So we saw really broad-based growth. Obviously, our biggest markets, as you said, are corporate, we were pleased to see that growing again. We had said on our last call, we thought that would pop back to growth, which it did up 3% for the quarter. And then really strong education and health care. Those are our 3 primary markets. But across the board, really broad-based strength.

Alexander Peter Paris

Barrington Research Associates, Inc., Research Division

Great. And then back to currency-neutral orders in EAAA up 4%, as you said, really good outcome, obviously, given global trade turmoil and tariff talks, I know that your exposure there is light. But what are the business conditions in Australia and Asia right now? Is there any aversion to working with U.S. companies and things like that?

Laurel M. Hurd

President, CEO & Director

Yes. We've got a great business in Australia as well as across Asia. And we're not seeing any of that kind of macro impact on our business there. I think our Australia teams, we've got local teams. We have local manufacturing. So the Interface brand, I think, is very well positioned to continue to grow in those markets.

Bruce Hausmann

Yes. I'd just add, Alex, we have a global brand, and we have -- on the ground, we have people who have worked with us -- Australian people who have worked with us for 20, 30 years. On the ground in Europe, we have people from all nationalities in almost every European country who are Interface employees. And so I think the brand is well positioned globally and well represented globally from many, many cultures and many, many nationalities, which gives us strength globally.

Alexander Peter Paris

Barrington Research Associates, Inc., Research Division

Great. Last question, and I'll get back in the queue on capital allocation. It was noteworthy that you were repurchasing shares in the second quarter. That's the first time I've seen you repurchase shares since I picked up coverage more than a year ago. When was the last time you repurchased shares? I know the main focus is investing in the business and then reducing debt. But with the net leverage ratio at 0.9x, what are your plans for capital allocation in terms of returning capital to shareholders in the form of repos going forward?

Bruce Hausmann

Yes. So to answer your question, the last time we repurchased shares was back in 2022. And as you mentioned, our primary focus this year is to invest in the business. And as you're well aware, we have some great investments that are yielding great returns, helping us grow, helping us grow our margins. But we also are going to return some capital to shareholders like we did in Q2. We -- as you know, we have a dividend. We did some moderate share repurchases. I'll just add that in this market, it's great to have a strong balance sheet. It's such a volatile and uncertain market out there. So we appreciate the optionality and flexibility and the ability to navigate through an uncertain market. But we're going to continue with this balanced capital allocation strategy centered around growth, margin expansion and generating returns for our shareholders.

Operator

Your next question comes from the line of Brian Biros with Thompson Research Group.

Brian Biros

Thompson Research Group, LLC

It seems like the One Interface Strategy seems to be paying off pretty nicely here, just looking at the numbers you're putting up, you must be taking share. You're seeing good traction in these efforts. Do you feel like the One Interface Strategy is at full run rate yet in terms of what it can deliver? Or is there still more that we can do?

Laurel M. Hurd

President, CEO & Director

Yes. It's a great question. Brian, honestly, I get asked that a lot, and I still feel like we're just getting started. I really do. And I'll give you an example that might help. Our nora rubber business, we mentioned in our prepared remarks, that the nora business was up nearly 40% in the Americas in the quarter. That's just remarkable, and it's stronger than we anticipated. We have a sales team that really understands our customers and what their needs are and showing up as one team with solutions for our customers' needs, we're finding new homes for that.

As we also mentioned, nora was in the U.S., K-12 is one of the fastest-growing end markets for nora. We often talk about nora for health care in the U.S., but our sales organization is really, really, really strong, and they know how to solve customers' needs, and they're finding more and more uses for it. So our growth plans there also will continue to accelerate investments then in making sure that we can service our customers and the growth we're seeing in nora. We'll invest more in automation and robotics, which will also enhance productivity and throughput. So there's so much room left to grow.

Brian Biros

Thompson Research Group, LLC

That's probably a good segue into the next question I have, which I guess is really the margin performance in the quarter, up 400 basis points year-over-year, I think up 200 basis points compared to, I believe, the guidance you gave, drivers, price mix volume. I guess, can you size up those 3 for us to understand the magnitude? And really, I'm interested in the mix piece, which is probably the nora stuff that you just described. You continue to sell nora at a higher rate, sometimes much higher rate than the other products. So just interested in kind of the margin accretive power of that mix shift. That seems like it will continue for a while.

Bruce Hausmann

Yes. Brian, thanks for noticing. It was a great quarter from a margin expansion standpoint. If I were to summarize the components of it, it's probably around 20% driven by price and mix and about 80% driven by manufacturing productivity. We had a great quarter, and I'm sure you noticed we raised our full year guide around gross profit margins as well. So a lot of great momentum. A lot of things went our way, and I would just sort of attribute it a lot of it was due to great self-help and good operational excellence and vigilance.

Brian Biros

Thompson Research Group, LLC

Got it. And then last one for me. I mean, Q2 sales, again, exceeded guidance pretty handily. I guess maybe just what happened in the past 3 months that wasn't expected to drive that result above guidance? It sounds like maybe it's just nora was extremely strong, but maybe there's something else that caught you guys off guard in a positive way.

Laurel M. Hurd

President, CEO & Director

I think the momentum was just stronger than we anticipated. Q2 is a big education season for us, and we grew, I think it was 11% or so in Q2 prior year. So to grow on top of it to the degree that we did was, I think, stronger maybe than we anticipated. But overall, just broad-based momentum, primarily in the Americas. That team is doing an incredible job. The sales organization is just -- they're really out there driving it, and it exceeded our expectations.

Bruce Hausmann

I agree, Laurel. And Brian, it's interesting. we were able to say that we had growth in all product lines, yet again, price and volume, and you can't say that every day. It was just a fantastic quarter. And I would also just add that we're seeing on the P&L that our segmentation strategy is working, which is fantastic.

Operator

Your next question comes from the line of David MacGregor with Longbow Research.

David Sutherland MacGregor

Longbow Research LLC

Congratulations on all the progress. It's impressive. It's organizational progress, manufacturing assets and productivity, market share and of course, balance sheet and margins. I mean you guys checking all the boxes. So congratulations there. I guess I wanted to -- just first question, just to be absolutely clear here, was there any timing benefit, any pull forward, anything here that would link into the next couple of quarters from a draw forward standpoint?

Bruce Hausmann

Yes. Well, it's a great question, David. We're not aware of any sales that were pulled forward. I'm constantly trying to find out if any of that's happening. And we're just not aware of any pull forward of net sales where customers were prebuying or anything of that sort.

David Sutherland MacGregor*Longbow Research LLC*

Okay. Okay. I mean nora up 40% is more than impressive. I mean you don't feel like you maybe pulled a little forward there.

Laurel M. Hurd*President, CEO & Director*

The one thing I'll say in nora, and we've mentioned this previously with respect to health care, some of those nora health care orders are larger than normal, and they come in a little bit lumpier. So some of that may drive some of that. But nothing unique in the quarter.

Bruce Hausmann

I think the customers, particularly in the Americas, we're having great traction of them realizing the value of nora and realizing new applications and new footprints where nora is a great product. And our selling organization is doing a great job at explaining that. And we're grateful for our customers who are trusting in us to deliver great product.

David Sutherland MacGregor*Longbow Research LLC*

Yes. No, it's a very high potential category for you. The progress is tremendous. The market share gains just across the mix, how sustainable are these gains? Do you think you just had a great quarter? Or do you think this is something that should continue over the quarters to come?

Laurel M. Hurd*President, CEO & Director*

So first, I think we're proud of the market share gains. We get good data on carpet tile in the U.S., and we trended maybe 10 points better than the market in the quarter. So that's remarkable. And look, we have great competitors, and we need to make sure that we're continuing to serve our customers every day. I think some of what we're doing has to do with our product -- our focus on expanding our addressable market. Interface is a premium brand, and we have really high shares at the highest end of the market. At that mid-market price point, we've been really focused on how we -- our design team works with our manufacturing team to develop great products that we can still have strong margins in but satisfy our customers for those that need a more approachable price point. So that's some of what we're focused on to continue to show share gains in that space.

David Sutherland MacGregor*Longbow Research LLC*

And Laura, when you think about that tier of the market, how much larger is it than the tier of the market where you have a substantial share and is kind of your legacy presence?

Laurel M. Hurd*President, CEO & Director*

A little hard to say, but it's significantly bigger. That's the meat of the market. So we've been historically playing more at that premium end, which is smaller. And as budgets get tight and other things, we got to make sure we're meeting our customers where they are. And if that market continues to grow, we'll continue to really drive increased value there. So it's a big focus for us.

David Sutherland MacGregor*Longbow Research LLC*

Great. You talked about the backlog up 24%. What's the timeline look like in that backlog? How much of that ships in '25 versus maybe longer term?

Bruce Hausmann

Yes. Most of that will ship this year. There's probably a few contracts in there that are longer term. Some of our transportation contracts go multiyear. But a lot of that backlog will ship out this year, David.

David Sutherland MacGregor

Longbow Research LLC

Okay. That's terrific. And then the automation benefits, I mean, this is something you guys have been working on automating the front end of the lines for a while. So it's great to see the ROI coming through. Obviously, there's some kind of a learning curve in North America that you can now apply to Australia and Europe. Talk about the timing of the expected return on investment in those international manufacturing assets.

Laurel M. Hurd

President, CEO & Director

Yes. As we said, we're fully up and running in the Americas now, and the team has done just an incredible job there. We're continuing to optimize as we learn more. But as you said, it's great learning for us then to roll out to Europe and Australia. And those -- the machines are ordered and in some sense on their way. So we'll start seeing that benefit into next year.

David Sutherland MacGregor

Longbow Research LLC

'26?

Laurel M. Hurd

President, CEO & Director

Yes.

David Sutherland MacGregor

Longbow Research LLC

And then on the tariffs, you talked about the -- you gave some detail there, which is appreciated. Was there a net positive or negative in the gross margins this quarter from tariff expense versus pass-through?

Bruce Hausmann

It was largely neutral in the quarter. We did have some expense that we offset with some incremental pricing. We're in -- as we mentioned, we're in pretty good shape on tariffs. I think we mentioned this, but just to frame the conversation, it's around 15% of our COGS that are subject to tariffs. So on an annualized basis, it's probably around \$20 million to \$25 million. Our in-year impact is around \$8 million to \$10 million. So -- and we're on it. We know that we need to work to offset those costs either through pricing or productivity.

David Sutherland MacGregor

Longbow Research LLC

Right. And then last question for me. I guess just back to the capital allocation conversation, you've obviously got a lot of options. You've set yourself up extremely well at this point for what may come. I guess I'm just trying to get a sense, and I'm sure at this point, you're still weighing a lot of those options. But how do you think about the buy versus build decision? Based on what you're seeing right now, your conversations you're having with people in the market, do you think your inclination would be to just reinvest back into internal growth? Or are acquisitions something that we're likely to see -- material acquisitions likely to see going forward?

Laurel M. Hurd

President, CEO & Director

As you said, I think having a strong balance sheet helps -- it's a great position for us to be in. And as Bruce also said, we're focused first on investing and betting on ourselves and investing in growth. We've

got a lot of opportunity in front of us, the more that we see the momentum and the product categories that we've got growth and innovation plans. So I think all options are on the table, and we're looking at it. I think we've got a lot of great -- a lot -- as we've said before, we don't need to do an acquisition to deliver our growth ambition. The nora acquisition was a great one that fit us really, really well. And anything like that would be really disciplined, but we're going to continue to focus on our internal plans because we feel great about them.

David Sutherland MacGregor

Longbow Research LLC

When you think about your priorities, Laurel, for growth, is it to continue in the Americas business? Is it growing the international side? Is it participating in consolidation within modular carpet tile? Is it expanding alternative flooring covering? Is it adjacencies? Just any discussion around priorities and how you're thinking about sort of the scope of that investment would be helpful.

Laurel M. Hurd

President, CEO & Director

Yes. So I'll address geography first. The U.S. is our largest, most profitable market. And I say it all the time, I feel like that team -- we're just getting started. We've made a ton of progress. That team has done an incredible job across the selling organization, manufacturing, really hitting it on all cylinders. But as they do that, opening more and more opportunities that we see in front of us. So I think there's a lot more room to go. Nora is a great example, a lot more room to grow in the Americas. Second to that, I think Europe, I'm encouraged by the infrastructure investments that are happening. Germany is our second largest country. And as Germany starts to invest in things like schools and hospitals, then that can be a really nice tailwind for us as we continue to focus on that market.

So those -- I think across America is #1; and Europe, I'm encouraged that, that has opportunity for us as well. And then from a product category perspective, we're known -- Interface is known for our carpet tile and continuing to lead in design and performance in carpet tile is a key priority as well as looking at expanding our addressable market from a price point perspective. And then we've had a lot of success across resilient between LVT and rubber. We're continuing to look at the resilient marketplace and how we can bring more solutions to our customers and new and innovative solutions. That's a focus area for us. I hope that helps, David.

David Sutherland MacGregor

Longbow Research LLC

Yes, it really does. Congratulations again on all the progress.

Operator

And it seems that we have no further questions for today. I would now like to turn the call back over to Laurel for closing remarks. Please go ahead.

Laurel M. Hurd

President, CEO & Director

Great. Thank you. I just want to thank the entire Interface team. Really proud of the progress that the team is making, working together as one team. Really, really impressed. So thank you all to the team, and thanks to our customers for continuing to support us, and thanks to everyone listening to the call. Look forward to continuing to share our progress.

Operator

Ladies and gentlemen, this concludes today's conference call. We thank you for your participation. You may now disconnect your lines. Have a pleasant day, everyone.

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