



Carlisle Companies Incorporated NYSE:CSL

Earnings Call

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Call Participants

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Presentation

Operator

Good afternoon. My name is [Breeta], and I will be your conference operator today. At this time, I'd like to welcome everyone to the Carlisle Companies Third Quarter '22 Earnings Conference Call. [Operator Instructions] I would like to turn the call over to Mr. Jim Giannakouros, Carlisle's Vice President of Investor Relations. Jim, please go ahead.

James Giannakouros

Vice President of Investor Relations

Thank you. Good afternoon, everyone, and welcome to Carlisle's Third Quarter 2022 Earnings Conference Call. We released our third quarter financial results after the market closed today, and you can find both our press release and earnings call slide presentation in the Investor Relations section of our website, carlisle.com.

On the call with me today are Chris Koch, Chairman, President and Chief Executive Officer; and Kevin Zdimal, our Chief Financial Officer. Today's call will begin with Chris giving you an update on our progress in achieving our strategic plan, Vision 2025, highlights of our third quarter results and a discussion of current trends. Kevin will discuss the financial details and our updated outlook. Following Chris and Kevin's remarks, we will open up the line for questions.

Before we begin, please refer to Slide 2 of our presentation, where we note that comments today will include forward-looking statements based on current expectations. Actual results could differ materially from these statements due to a number of risks and uncertainties, which are discussed in our press release and SEC filings. As Carlisle provides non-GAAP financial information, we've provided reconciliations between GAAP and non-GAAP measures in our press release and in the appendix of our presentation materials, which are available on our website.

With that, I will turn the call over to Chris.

D. Christian Koch

Chairman, President & CEO

Thank you, Jim. Good afternoon, everyone, and thank you for joining us on our third quarter 2022 earnings call. The third quarter of '22 was another superb quarter for Carlisle as our teams across the globe continued to deliver on the Carlisle experience, utilized our continuous improvement culture to improve our processes and leveraged our position as a preferred supplier of solutions to our customers from order entry to deliveries, to writing specifications, to the ongoing performance of our products in the Building Envelope. We also continue to see positive underlying trends, including positive multiyear re-roofing needs, solid new non-residential construction demand and increasing interest in energy-efficient solutions. Additionally, a much improved supply chain resulted in the emergence of a more orderly and normal operating environment than we have seen during the last 2 years. One example of this improvement is within our CWT business, where we have gone from having 50-plus suppliers on our watch list to now having less than 10.

While supply remains tight in many areas, we did see our customers have more confidence in the supply of our product, which drives a better and more efficient workplace and ultimately, a reduction in the need for building inventory and extending lead times. As we enter the fourth quarter, despite the positive underlying trends I just mentioned, we continue to operate in a highly uncertain and volatile environment, which has really been the case since March of 2020. The continued effects of inflation and impact on the American consumer have been significant. The decision by the Fed to mitigate rising inflation with meaningful increases in interest rates has slowed the housing market due to a rapid increase in mortgage rates, which has raised borrowing costs for buyers and push many prospective buyers out of the market. In addition, most signs are pointing to a slowdown in U.S. and global growth, which will likely impact jobs and investments for the near term. Coupling these factors with the coming U.S. midterm elections and

another potential 75 basis point increase by the Fed in November, there is no doubt the fourth quarter will continue to bring us volatility, uncertainty and a more cautious stance by consumers and businesses.

Turning back to the performance of the quarter and a more focused eye on our work here at Carlisle, I am very pleased with the outstanding performance of our teams. They continue to show resilience, persevering their work and have driven record year-to-date earnings to over \$14 of diluted earnings per share on a GAAP basis, well on our way to achieving our Vision 2025 annual EPS target of \$15. Our accelerated path to achieving Vision 2025 is due to our teams unyielding commitment to deliver the Carlisle experience and a resilient and continuous improvement culture, all the while focused on delivering results for our stakeholders.

Please turn to Slide 3. Our record results continue to demonstrate that Vision 2025, which has provided the clarity and consistency of mission since its launch in 2018, has been a guiding beacon and well-defined path for Carlisle, particularly given extraordinary volatility in global markets over the past several years. In addition to our world-class teams and proven business model, we've relied on a strong balance sheet and excellent cash flow generation to provide both financial and strategic flexibility to execute on our long-term plan and elevate the earnings power of Carlisle. A significant portion of our success has been driven by the multiyear process of reshaping our portfolio to pivot from a diversified industrial products company to a building products focus, setting the stage for more focus, more simplification and a better understood path to accelerated and sustainable value creation.

The pillars of Vision 2025 remain core to our strategy going forward. These include: first, drive mid-single-digit organic growth. And in the third quarter, we delivered 28% organic revenue growth. Second, utilize the Carlisle Operating System, or COS, to drive leverage. We use COS to consistently drive efficiencies and enhance operating leverage by targeting cost savings of 1% to 2% of sales annually. In the third quarter, adjusted EBITDA grew 75%, nicely leveraging our sales growth.

Third, build scale with synergistic accretive acquisitions. Under Vision 2025, we have streamlined and optimized our portfolio through acquisitions and divestitures to build scale in our highest returning building products businesses. CWT leadership continues to execute extremely well on delivering a smooth and efficient integration of Henry and is on pace to exceed our initial synergy targets of \$30 million. The CWT team is doing an excellent job working both incremental cost synergy opportunities and seeking to drive revenue synergies given it's now a broader set of products.

We remain excited about acquisition prospects within the Building Envelope, and we're working in active pipeline of opportunities to broaden our suite of energy-efficient solutions.

And fourth, a returns-focused capital allocation strategy that includes deploying over \$3 billion into capital expenditures, share repurchases and dividends. Since the launch of Vision 2025, we have deployed over \$2.8 billion into these areas. Turning to our 2022 year-to-date actions, we've made capital investments of over \$130 million into our businesses to drive innovation, and the Carlisle Experience is exemplified by the third quarter launch of our first industry-leading 16-foot TPO line in Carlisle, PA, and we remain on track to deploy \$175 million in capital expenditures this year.

We've also made share repurchases totaling more than \$200 million and paid approximately \$96 million in dividends in 2022. To that point, we were very proud to raise our dividend 39% to \$3 in the third quarter, which continues our 46-year trend of annual dividend increases. This 39% increase is Carlisle's largest in the past 25 years and reflects our strong sustainable financial position and confidence in continued growth of Carlisle's earnings and cash flow.

While the pillars of our soon-to-be achieved Vision 2025 have proven to be sound, I want to reiterate that these are core to Carlisle. With these cultural and strategic pillars in place, we are proud of our accelerated execution of Vision 2025 and remain committed to our approach to sustainable value creation for all stakeholders.

Please turn to Slide 4, and let's look at the drivers of our record performance in third quarter and year-to-date sales and earnings. First, U.S. non-residential construction demand remains strong, and we are optimistic that the underlying trends will overcome well-known pressures seen in the global economy.

Re-roofing demand also continues to be a reliable, significant and sustainable driver for growth and new construction still a tailwind. Notably, we are on track for double-digit volume growth at CCM for the second straight year. Fortunately, material availability has improved meaningfully in the past few months, and as such, we are seeing a normalization of buying patterns by our customers. Additionally, the need for energy-efficient building solutions to help mitigate rising energy costs and collectively help reduce the planet's carbon footprint will continue to be a driver.

Second, pricing at all of our businesses continues to be positive as we focus on earning price for the value we create for our customers through the Carlisle Experience. Our continued and growing investment in new product innovation, world-class manufacturing capabilities and best-in-class customer service, encompass the value proposition that our partners have come to rely on from Carlisle. And architects and building owners know they'll benefit from our innovative energy-efficient building solutions that the market increasingly demands.

Third, residential markets are facing increased pressure due to interest rate hikes, significant inflation and at the consumer level, a reduction in building products expenditures. While impactful in the short term, we believe that longer term, fundamentals in residential markets remain attractive given the undersupply of homes in the U.S. and growing demand for energy-efficient building solutions, particularly given recent supporting legislation and rising energy costs.

Fourth, aerospace markets continue their recovery, driving record backlogs at CIT and increased profitability on the back of restructuring actions taken over the past few years. We're very optimistic about the prospects for continued recovery in the aerospace markets, supported by a shortage of aircraft, which has caused the U.S. airlines to cut back on flights as they struggle to cope with the rebound in passenger travel, both domestic and international.

Finally, we remain firmly committed to sustainability. Please turn to Slide 5. The recent publication of our third corporate sustainability report is another milestone in our ESG journey. Carlisle's 3 pillars of environmental sustainability, energy-efficient products and solutions, the reduction of greenhouse gas emissions in our manufacturing operations and the reduction of waste entering landfills are central to our efforts to achieve our sustainability goals.

We also announced on October 17, a special stock option grant to all eligible employees representing Carlisle's third broad-based stock option or cash equivalent grant to employees in the last 12 years. We believe that it is beneficial for all employees to have ownership and participate in the success of the company. This grant provides a significant incentive for the team to drive actions that will help Carlisle achieve its long-term objectives.

Additionally, through the Inflation Reduction Act that was signed into law in August, the building industry can take advantage of extended and expanded incentives through energy-efficient building practices. More than \$300 billion will be invested in energy and climate reform through energy tax incentives, investments in clean energy production and tax credits aimed at reducing carbon emissions. These increased incentives for U.S. builders, installers, homeowners and commercial building owners who demonstrate reduced energy use should drive increased demand for Carlisle building products and energy-efficient solutions.

Lastly, we continue to make significant strides towards aligning our greenhouse gas reduction strategy with the Science Based Targets initiative, or SBTi, which defines and promotes best practices and science-based targets that help provide companies with a clearly defined path to reduce emissions in line with the Paris Agreement goals. We are on pace to submit our alignment goals for approval by the end of 2022.

Please turn to Slide 6, where we highlight our record performance in the third quarter of 2022. Revenue increased 36% year-over-year, with organic revenue up 28%. All segments contributed to this record growth. Adjusted diluted EPS increased 89% year-over-year to \$5.66, driven by higher volumes, price, Henry's contribution and COS initiatives, which more than offset inflation and supply chain disruptions.

And with that, I'll turn it over to Kevin to provide more detail about the businesses, additional financial details and our updated outlook for the remainder of 2022. Kevin?

Kevin P. Zdimal

VP & CFO

Thank you, Chris. For segment highlights, please turn to Slide 7. CCM drove revenue growth of 39% with excellent leverage. This performance was driven by continued strong demand in U.S. commercial roofing, capturing price earned by delivering on the Carlisle Experience and new product sales, partially offset by what we consider near-term softness in our Architectural Metals business, potentially more persistent challenges in our European business due to the effects of a recession and ongoing energy crisis and unfavorable impact from changes in foreign exchange rates.

Adjusted EBITDA margin of 32.5%, a record performance in the third quarter by our CCM team was driven by volume, price and COS and partially offset by raw material and labor inflation and unfavorable mix.

Moving to Slide 8. Sales at CWT increased 44% year-over-year. This growth was achieved despite ongoing but improving supply constraints in pockets of incremental softness in demand, namely in residential markets. As we pass the 1-year mark of our Henry acquisition, the largest acquisition in Carlisle's history, we continue to execute on our synergy strategies, drive the principles of the Carlisle Experience and are in the process of rolling out COS throughout CWT to drive further leverage in our operations.

Moving to Slide 9. CIT revenue increased 25% year-over-year in the third quarter of 2022, with balanced growth in its Commercial Aerospace and Medical Technology platforms. We continue to see domestic travel approach pre-pandemic levels and as a result, have seen CIT experienced record backlog. We expect to see continued rising demand for narrow-body aircraft and eventually wide bodies as domestic and international travel continues to recover. Leveraging these positives, our team delivered a nice lift in profitability in the third quarter versus the first half of 2022, aided by previous restructuring efforts.

Turning to CFT on Slide 10. CFT generated organic revenue of 10% year-over-year, partially offset by a 7% year-over-year FX headwind. With over half of CFT sales being international, we expect a strong U.S. dollar to continue to be a headwind to sales growth near term, but fundamentals remain intact. We remain confident that commercial and operational improvements, combined with a strong backlog, will deliver revenue growth and incremental margins in the mid-40% range.

Slides 11 and 12 provide details about our record third quarter consolidated results for revenue and adjusted EPS.

Moving to Slides 13 and 14. Carlisle ended the third quarter of 2022 with \$625 million of cash on hand with cash generated from continuing operations totaling \$366 million, capital expenditures of \$48 million, share repurchases of \$26 million, and dividends paid of \$39 million during the quarter. We currently have 4.2 million shares remaining in our share repurchase authorization. Our net debt-to-EBITDA ratio is 1.6x, down from 3x at the end of 2021, which as a result of the Henry acquisition was elevated compared to our target net debt-to-EBITDA range of 1x to 2x. Given the repayment of our \$350 million senior notes on October 17 and our expected EBITDA growth for the balance of this year, we expect to maintain our net debt-to-EBITDA ratio within this target range.

On Slide 15, we have our updated 2022 financial outlook. At CCM, we expect to deliver a record full year in 2022 and expect year-over-year revenue growth in the 35% to 40% range. At CWT, we continue to expect revenue to grow approximately 60% year-over-year. At CIT, we now expect revenues to exceed 20% in 2022. At CFT, we now expect mid-single-digit revenue growth in 2022 due to foreign translation headwinds. Finally, on a consolidated basis for Carlisle, despite the significant headwinds and volatility the economy has experienced in September, we expect to deliver a record year in 2022 with a full year revenue growth in the 35% to 40% range. Given strong fundamentals across our businesses, staying ahead of inflation with proactive pricing actions and driving strong leverage through COS, we maintain our expectations for total Carlisle adjusted EBITDA margins to expand approximately 650 basis points.

With that, I turn it over to Chris for closing remarks.

D. Christian Koch
Chairman, President & CEO

In closing, I want to express again how pleased I am with the hard work and perseverance of Carlisle employees. Their resilience and experience will continue to provide Carlisle with a competitive advantage as we navigate in this highly complex environment. Despite numerous macroeconomic challenges, the Carlisle team continues to deliver our culture of continuous improvement focused on delivering solid results. Our outstanding third quarter demonstrates Carlisle's progress towards achieving our goals as laid out in Vision 2025, including delivering \$15 of GAAP earnings per share, 3 years earlier than originally contemplated.

While we will be vigilant and monitor the macroeconomic environment and the drivers of each business, we continue to be optimistic about the direction of Carlisle. And as Kevin mentioned, we expect a record fourth quarter and a record 2022.

This concludes our formal comments. We are now ready for questions.

Question and Answer

Operator

[Operator Instructions] The first question we have from the phone lines today comes from Tim Wojs of Baird.

Timothy Ronald Wojs

Robert W. Baird & Co. Incorporated, Research Division

Maybe just to kind of start on the market. I guess when you look at the non-residential parts of your business, I mean, have you seen any changes within order rates or backlogs or anything like that over the last 60 to 90 days? And then I guess on the residential side, could you kind of quantify what your exposure is on the resi side and kind of what your assumptions within that market are for the next few quarters?

D. Christian Koch

Chairman, President & CEO

Yes. Tim, I'll start off and then Jim and Kevin can weigh in. And on the non-resi, we really start to see things improve on the materials side, as I talked about in supply chain. And in fact, our MSP program, which was really in the non-resi core commercial businesses that we had, had to put in place due to the significant demand and the need to allocate due to lack of capacity across the industry started to unwind in September as things start to improve. And obviously, when that happens, people get more secure in the ability to source product. And so we started to see some changes in the buying patterns in the sense of the fact that we now could bring things in and people didn't have to look so far out. Remember, when we -- I think we talked on the last call, or it might have been some time in the third quarter or second quarter we mentioned that the -- we were taking orders out into '23. So there was an extremely long view from contractors. And I think really, because of the improvements in the supply chain, we've started to see people get back to a more normal cadence, which is a definite change. It's a good change though. On the non-resi side, the mix there for Carlisle is about 85-15. When we look at the 2 businesses, CWT, I'm thinking it's around 50-50, with the addition of Henry there. And then on the CCM side, we're at about 90-10. So I don't know, James, if you want to add anything to that?

James Giannakouros

Vice President of Investor Relations

Yes. Just as a reminder, too, on the fourth quarter piece, as we normalize that's compared to last year where things were not normal, and we had a very busy fourth quarter last year. So seasonality will start returning more to what it has been historically.

Timothy Ronald Wojs

Robert W. Baird & Co. Incorporated, Research Division

Okay. Okay. And then as you kind of get back to normal seasonality, I mean, does that have any implications in terms of kind of how you guys have kind of moved to a pricing upon shipment type strategy? Or how do you kind of think of that kind of unfolding over the next, call it, 12 months?

D. Christian Koch

Chairman, President & CEO

Yes. Well, I don't think it changes anything in pricing, Tim. As we said, pricing has continued to be strong. We don't see any changes in actual pricing. I mean, as far as we can see forward, we did have the actions in September that were increases, and we've had other actions that we're going to start to lap in 2023, but no real change in pricing. I think the only thing is that comment you mentioned, the detail around at time of shipment, with the MSP unwinding in that allocation process, yes, we'll be relaxing that and going back to more normal kind of terms and conditions for our non-residential customers.

Timothy Ronald Wojs

Robert W. Baird & Co. Incorporated, Research Division

Okay. And then one last question, just on the EBITDA guidance for the year, has anything really changed there? I'm just trying to -- I think, Kevin, you said that it wasn't changed, but there's some squiggly lines and pluses and things. I'm just trying to understand if that changed at all? .

Kevin P. Zdimal

VP & CFO

Yes. We remain confident on the year-over-year improvement of 650 basis points. So no change from the previous guidance there.

Operator

We now have Bryan Blair of Oppenheimer.

Bryan Francis Blair

Oppenheimer & Co. Inc., Research Division

I was hoping you could parse out -- quantify if possible, the top line and margin impact of the headwinds in Architectural Metals and Europe in Q3? Or I guess, equivalently isolate U.S. commercial roofing performance in the quarter. Just curious how Q3 looked relative to Q2 for the core Single Ply business?

Unknown Executive

Yes. So we don't break out the individual business units within the segments -- overall, obviously, though, the third quarter for CCM and core roofing is the majority of that segment. I mean, we had significant improvement year-over-year, over 750 basis points improvement for the quarter.

D. Christian Koch

Chairman, President & CEO

Yes. And I think it's safe to say, Bryan, that the European situation is not one that anybody would say has improved over the last quarter. I would just add that.

Bryan Francis Blair

Oppenheimer & Co. Inc., Research Division

Okay. Fair enough. And kind of nuanced point, it was called out unfavorable mix within CCM EBITDA margin, and that's obviously relative to very strong year-on-year expansion. I would think with Single Ply outgrowing the other business lines that, that would be inherently favorable. So within that, what is the unfavorable mix call out? .

Unknown Executive

Yes. So we have mix on -- certainly, there's different pieces besides the membrane insulation. There's also accessories. So that's a piece of it of driving that mix change.

Bryan Francis Blair

Oppenheimer & Co. Inc., Research Division

Okay. That's fair. And I guess any early-stage feedback you can offer on the commercial rollout of your 16-foot TPO line? I know that we are early days there, but there's quite a bit of excitement around that. So just curious what you're hearing from the channel.

D. Christian Koch

Chairman, President & CEO

Yes. I mean a lot of good things. We did a lot of work to understand how we handle at the job site, not a problem. We have rolled it out. Obviously, there's still pretty very good demand for TPO in the marketplace. The team is in the process of educating contractors, talking about how to use it on the job site, people are getting used to using it. That's the rollout. But the demand certainly is there. And I think

it's just a great example, Bryan, I'm glad you asked it of one of these ways that we're going to seek to maintain that Carlisle Experience and obviously, the margins that come with it where we're pricing to value because that 16-foot line is taking labor off the roof. It's allowing contractors to get their jobs done faster and move on to other jobs. And we know the same things are holding true today that held true 3 months ago and 6 months ago, labor is constrained. So everything we can do to get contractors to put down a high-quality Carlisle roof and then move on and get more jobs done. We know that means, obviously, good things for us both in terms of sales and margins. So yes, it's going well. And obviously, as with anything, it takes time to spool up and get rolling.

Operator

Your next question comes from the line of Garik Shmois of Loop Capital.

Garik Simha Shmois

Loop Capital Markets LLC, Research Division

I just wanted to follow up on the full year revenue guidance at CCM. I think you were at 40% before, it's now 35% to 40%. Just to be clear, was that mostly on the roofing part of the business [or loosening] of the allocation was a bigger component of that, fine-tuning of the guide on what you're seeing in Europe and in the Metals business?

James Giannakouros

Vice President of Investor Relations

Yes. Yes, I'll take that one, Garik. It's Jim. Yes. I mean, has more to do with just encapsulating what's going to happen in 4Q and reflecting the buying pattern normalization that we're seeing in the marketplace, right? And so 40% is still in play, but we thought it prudent to expand it to 35% to 40% just because there is that the timing variance that we're seeing currently in the second half. And then obviously, as Kevin pointed out, seasonality is coming into play, and we haven't had to talk about seasonality for several quarters now.

Garik Simha Shmois

Loop Capital Markets LLC, Research Division

Got it. Okay. And then just lastly, just on inflation, maybe you could touch on what you're seeing there? And if any of the cost baskets have changed since the last quarter?

D. Christian Koch

Chairman, President & CEO

Yes, I'll take that. I think we look at inflation in the marketplace. And obviously, it's continuing. We have had -- I think, Garik, as you know, relatively consistent price increases now for [indiscernible] dealing with those raw material -- that raw material inflation. And we've also tried to separate out the value from the cost and put that down. I think the thing we are going to see those things normalize and supply becomes more available, and we mentioned the [CTW] reduction from 50 to 10. There is pressure now, I think, on the supply chain to reduce costs in general, which is the intent of the Fed actions and other things is to reduce inflation, and we are seeing signs of that. So we do anticipate that really beginning here in Q4 and carrying over into 2023.

Operator

We now have Dan Oppenheim with Credit Suisse.

Daniel Mark Oppenheim

Crédit Suisse AG, Research Division

I guess wondering in terms of CIT given sort of the strong backlog in aero and medicine. Wondering sort of how do you think about the opportunity to boost margins from that in terms of strength for revenue and such, what it translates into margins that you look ahead into '23 and such?

D. Christian Koch

Chairman, President & CEO

Yes. I'll just take it a general thing, and then Jim can, or Kevin can give a little more specific, but I think it's very positive for CIT moving forward. I mean, one of the biggest issues for us has been, right, getting back -- getting these planes certified and back up and flying. We know the demand is there. We know that the restructuring actions that CIT has taken over the last 2 years are taking effect. But one of the big issues for us is the production of, say, the 787. That's been a significant contributor on the sales and profitability line. And obviously, with that plane not delivering the type of output from Boeing that we've seen in the past, that [mix is] suppressing margin. So I would anticipate as we roll into '23 that we'll get some of that 787 mix back is that plane -- and I'm optimistic for that, but I believe this will happen. We'll be back, certified and flying and they'll be producing at a good rate, and that should change the mix and enhance the profitability as well. So obviously, volume. They've done a good job on price. They've taken restructuring actions. And then we get back to a more normal mix. And I think, 2023 looks pretty good for CIT.

Daniel Mark Oppenheim

Crédit Suisse AG, Research Division

Great. And I guess then secondly, just wondering, given the comments about sort of the optimism about non-res sort of overcoming some of the recent pressure. That's more sort of an expectation over time rather than I guess wondering if there's anything you've seen more recently that sort of would reinforce that in terms of improvement, but sort of my sense would be that's more sort of weakness the quarter went on, but just curious if there is anything that sort of supports the optimism right now?

D. Christian Koch

Chairman, President & CEO

Yes. We think contractors are busy. I talked about labor constraints. We also look at ABI. We look at Dodge. We look at the reports that we see. One data point we're seeing now basically 9 months of contracted backlog. I think we were at 7 or 8 when we came into 2022. So that's a positive. I think this thing in the first quarter really is we had the big dip in the spring of '20, where COVID hit, we then progressed through that, came back with some pretty high demand. And obviously, as we got back to work and we see this everywhere, we see people coming back into the workplace, we see going back to football games and all this stuff. We see this return to normalization. And obviously, there's going to be a period where some of that gets balanced out. And that's what I think we're seeing in the fourth quarter. So the underlying demand in the contractor work and obviously, we've talked about re-roofing being a big driver for Carlisle over time. And none of that re-roofing slowed up while we were pursuing a lot of new construction in 2022 and 2021. So yes, I think -- I don't think really anything has changed on the demand side, and we're just having this kind of, I guess, return to normalization that everyone is seeing and working through it in the fourth quarter.

Operator

We now have John Joyner of BMO.

John Phillip Joyner

BMO Capital Markets Equity Research

Congrats on another good quarter. So -- and my guess is that you would actually welcome some normalization and ultimately getting away from carrying, I guess, such a large backlog. But -- and maybe you mentioned this, but how much visibility do you have going into next year? And then kind of in the same vein, how do you see the delta between the price increases that you've been put -- that you put in place versus oil prices that have moderated, but kind of stabilized at this roughly [indiscernible] level?

D. Christian Koch

Chairman, President & CEO

John, I'll let Jim talk about visibility, and I think he's going to have some favorable comments there. But on that oil -- that -- we've done -- I think we've said this before, and I don't think we've done it in the last

couple of years because of what we've been through. But we did a lot of work on the correlation between oil and actually the end products that we buy from suppliers. And while it can be, I guess, a general guide in what can be happening, we don't see a lot of connectivity or correlation. It actually was pretty low surprisingly when we looked at it. Due to some of the processing and when we're cracking something depending on what demand is in other -- in the automotive industry or things like that for different parts of the petroleum distillate that we're buying. So I don't think the oil pricing is going to have as big an impact as maybe the general indicator of oil pricing in the economy. I think what's more important is to really look at what's happening in places like the Port of Long Beach with trucking, with statements like CWT coming from 50-plus suppliers on a watch list to 10 and our ability to access product and be more normal there. I think it's just when people can plan more rationally and can level all their factories and can plan for shipping on time. And these things tend to decrease the extra cost for labor, it decreases the extra cost for overtime, freight, things like that. So yes, I would just say I don't think that oil is going to be a big driver on that price. Jim, do you want to handle the demand...?

James Giannakouros

Vice President of Investor Relations

Yes, John. So yes, as far as the visibility, obviously, we tie our view on -- it's tied to demand what our contractors asking for and that 9 months of backlog that Chris alluded to, I mean, that is what we focus on, right? And so when you come into a year, we thought we were going to grow 5% to 10% volumes this year. We're coming in at the high end of that, if not in excess of that for the year. It's directly tied to that customer demand. And so when you think about going into 2023, similar view as far as the visibility. The visibility doesn't really extend beyond the summer. But certainly, as we are in this period of adjustment in normalizing buying patterns, the view going into 2023 is still volume strength, but that's basically where we kind of hang our hat on what we think volumes are going to be in the coming quarters.

John Phillip Joyner

BMO Capital Markets Equity Research

Okay. Got it. Got it. And maybe just one more. So I mean, after recently seen your 16-foot wide TPO membrane line in the innovation center there in Carlisle, I mean I think many people would be surprised, honestly, by the advancements in roofing and related products that are occurring. So I guess, what are some of the other products that maybe target labor savings or other areas that maybe you could highlight that you're excited about and that could be ultimately additive to organic growth?

D. Christian Koch

Chairman, President & CEO

Sure. I think you look at -- a couple of them that came out recently that I'm still excited about, and I guess they're recent enough that we can talk about them and the impact, obviously, margin to sales is, we've talked about our [APEEL] product. I still think that's a great one. We're adding that a clear layer of product on to the TPO sheet. And when we're done with the job, people are [peeling it away] and having an exceptionally clean, brand-new roof with none of the traffic on it, where before you would have had people walking on dirt things like this, and then you'd have to bring pressure washing equipment up, you'd have to haul it up on the roof, you risk puncturing the roof with the equipment, you've got people cleaning it, water flowing up. And it just all takes time, and it takes labor and we don't have either one of those. We want our contractors moving onto the next job, not washing the previous job and using that labor to play more TPO, EPDM and PVC membranes. So [indiscernible] like that one. I -- we've had a lot of good response too on our VELCRO systems. Believe it or not, they are incredibly robust, and we've seen that in some of the recent weather events that they performed very well. And that's one that takes out some of the adhesives and other things and saves time and still produces a great membrane and adherence that we can use in a variety of situations. So I kind of like the innovation there. I think it's all really around that idea that we've got to get this labor force working more efficiently for our contractors. And so I think when you look out and you look at what are things our teams are working on, you're going to see things like that. It's going to be mostly evolutionary, which I get excited about. I mean we are working on longer-term revolutionary things like new membranes in that. But I think the real power for us comes in connecting with the contractor, understanding the voice of that customer and for products, just getting the job done with better quality, faster so they can go on, be assured of a high-quality warranty roof that they

could pass on to the building owner and it's going to last, have confidence in that and then get on to other jobs and get them done faster. So I'm glad you visited that. I think it is amazing. When you look within the factory, there are things that are going to help us with really creating more capacity in the space we have with ideas around the Internet of Things, better and more robust sensing on pieces of equipment to produce a higher-quality product with less defects and things like that. So all the way around, it benefits us. And then you didn't mention this, but the Carlisle Experience and the customer experience, we're excited to have a more direct connection with the contractor through some technologies we have that hopefully will bring out in the next year or so that will help them do a better job of tracking shipments, will help them do a better job of understanding what they have ordering, doing things like that, creating [indiscernible] materials so that they can, again, work more efficiently and use their labor more effectively. So I'm glad you mentioned it, and that's our goal, and that's where you create value. And that's what we want to do is create value for everyone in the channel. That's the best interest of Carlisle.

Operator

We now have Adam Baumgarten from Zelman & Associates.

Adam Michael Baumgarten

Zelman & Associates LLC

Just a question on CWT, maintained total revenue guidance for the year. I know last quarter, you were calling for 20% organic revenue growth. Has that changed at all given the third quarter?

Unknown Executive

We're still in the range of that. I mean, those are approximate numbers. But yes, that's what we're still striving to hit for the fourth quarter and full year.

Adam Michael Baumgarten

Zelman & Associates LLC

Okay. Got it. And then just on some of the residential softness in CWT that you cited, just a couple things curious. Was there any difference in maybe the level of weakness between maybe the repair and remodel market or the home center market and new construction? And then as well, was there any level of destocking in any of the channels during the quarter that may have impacted growth?

D. Christian Koch

Chairman, President & CEO

I don't think we saw any destocking. In fact, in some of our retail channels, we're actually in the process of gaining shelf space and share as we take some from other competitors. But Jim, are you going to answer the -- address the first question?

James Giannakouros

Vice President of Investor Relations

I was just going to say that, yes, on the repair and remodel side, that's more resilient on the new -- obviously, things are tightening up on the resi side, right, Adam. So that's where we see the relative softness, and we were seeing that through 3Q, and we anticipate that will extend into 4Q. Hence, Kevin is alluding to being within that range of, call it, that 60% total, not enough for us to come off of that previous guide.

D. Christian Koch

Chairman, President & CEO

And I think the other thing is we've got a pretty significant percentage of that residential homeowner that is dedicated to fixing leaks to making repairs and that kind of thing. And so I think there's some stickiness there that we'll see and maybe even some improvement as people are a little bit more restrained on their incomes. They might go to more of a Henry product to repair leaks and things like that. So...

Operator

We now have the next question on the line from David MacGregor of Longbow Research.

David Sutherland MacGregor

Longbow Research LLC

I can speak firsthand about the strength of the -- I can speak firsthand about the strength of the Henry product fixing leaks, I was [working] on that last weekend here. I wanted to ask you about carryover pricing into 2023 in CCM. And just how much of a benefit do you think 2023 pricing gets from 2022 pricing actions that carry over?

James Giannakouros

Vice President of Investor Relations

Yes. I mean -- this is Jim again. David. Yes, I mean, if you look at the -- there were several price increases throughout the year with the last one being in early September. So if you just flatline that, you could back into some math in that mid-single-digit plus tailwind into 2023, if you just flatline that and gave us that benefit throughout the -- throughout 2023.

David Sutherland MacGregor

Longbow Research LLC

Okay. Good. Just on the CCM, what can you say about the size of the jobs that you're seeing, the size of the tickets? Are you seeing any meaningful change there? Or are things pretty much continuing on trend?

D. Christian Koch

Chairman, President & CEO

Yes, things are continuing on trend. Haven't had that called out that there's been any change in the size of the projects, no.

David Sutherland MacGregor

Longbow Research LLC

Okay. Henry, can you just talk about being above target in terms of your synergies and the stronger accretion and just what you think might be driving that? You mentioned a moment ago gaining share in retail. I'm guessing that's a contributing factor, but anything else that you can call out?

D. Christian Koch

Chairman, President & CEO

Yes, I think the teams did a good job. I go back, and I think this is probably one of our best acquisition integrations we ever did. I think the team look back over the past and when they went into this integration, had a very good playbook. We've actually taken that playbook, and we've standardized and we're using it for all of our integrations now. And it was really a cooperative effort between both the Henry team coming in and the CCM team. I think the team's worked together. I think it was very helpful that we had Frank Ready on as the leader from Henry leading his part of the integration, driving that. There's a lot of accountability on it. We had a person in charge of the acquisition integration as well as some outside resources to help with those things. So I think it was really about a good job of identifying upfront what we could really attain and being reasonable and then having a plan and vision to execute it. So I really -- I think that's the key. And a lot of the savings are coming from places that I would say are not directly volume dependent. Obviously, you have to have volume there to run your business. But when you look at back office operations, when you look at supply chain consolidation, things like that, I think they were things that just were identified, and it really came down to the team executing on the work they've done. So I'm super pleased with that. They are ahead of the synergies, and we'll finish the year ahead of the pathway to \$30 million. And then on the accretion, obviously, that comes in doing the kind of things that we were counting on from the Henry team, which is like having a great brand name, a great relationship with some major retailers that offered them the opportunity to go in and showcase Carlisle support and the additional capital and additional resources and that, that we have to enable them to take on projects to apply capital. And I think the Henry team has done a really good job of leveraging Carlisle as well as their own position to make the case that they're one of the premium, if not the premium supplier of their

type of product to these major retailers and the homeowners. So I think the only downside on that on the accretion is just this impact on the homeowner with rising interest rates and people having to come back to normal and perhaps spending -- changing their spending habits from maybe what they were spending on in their home to now more services going out [to eat] and things like that. But I mean there's not much, I think, the Henry team can do to overcome that. So...

Operator

We have no further questions on the line. So I'd like to hand it back to the team.

D. Christian Koch

Chairman, President & CEO

Well, thanks very much. That concludes our 2022 Q3 call. We appreciate everyone's attendance, their great questions. We look forward to talking to you at the end of the fourth quarter, and have a good end of the year. Thank you.

Operator

Thank you. That does conclude today's call. You may now disconnect your lines.

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