Masco (MAS) Expands With Kichler Lighting, Mercury Buyouts

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Masco CorporationMAS has lately been expanding its portfolio with more acquisitions. Recently, the company signed an agreement to take over Kichler Lighting, formally known as L.D. Kichler Co. The financial terms of the deal, which is expected to close by Mar 31, were not disclosed by the company.

Kichler Lighting is a 700-employee strong company specializing in interior lighting fixtures, developing decorative residential and light commercial lighting products, ceiling fans and LED lighting systems across both consumer and professional distribution channels.

Kichler Lighting generated \$450 million in revenues in 2017 and is expected to retain the Kichler name post the completion of the deal. Masco intends to report the financial results of Kichler Lighting in its Decorative Architectural Products segment.

Headquartered in Taylor, MI, Masco is one of the leading cabinet manufacturers in the United States and holds one of the largest shares in faucets. Its popular brands include KraftMaid and Merillat cabinets, Delta and Hansgrohe faucets, Behr paint, and Milgard windows and doors. The Behr brand is the number one brand in the do-it-yourself market for architectural coatings. The company has been witnessing strong demand for its market-leading brands.

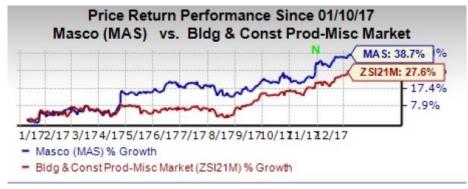
Hence, this addition will compliment Masco's current product line and the company remains enthusiastic about the prospects of this expansion into the fragmented \$6 billion U.S. residential lighting industry.

Meanwhile, Masco announced the buyout of another local business, Mercury Plastics, Inc. (Mercury), which was completed in the fourth quarter of 2017. Middlefield, Ohio-based Mercury manufactures water handling systems for appliances and faucets, and various other plumbing products. Mercury had revenues of \$45 million in 2017 and employs 300 people.

These acquisitions will be accretive to Masco's earnings in 2018 and is expected to create significant shareholder value.

As the housing end market improves steadily, there is increasing demand for new home construction and repair, remodeling products in all channels of distribution and across the price range. This improving momentum is expected to continue, which in turn will improve demand for Masco's products.

Masco's shares have gained 38.7% in the past year, outperforming the industry 's growth of 27.6%. Earnings estimates for 2018 have also moved 1.3% north in the last seven days. This signifies that analysts are optimistic about this Zacks Rank #2 (Buy) stock's near-term performance.



Other Stocks to Consider

Investors can also consider other stocks in the Zacks Construction sector that includes Century Communities, Inc. CCS, with a Zacks Rank #1 (Strong Buy), and Cementos Pacasmayo S.A.A. CPAC and NVR, Inc. NVR, carrying a Zacks Rank #2. You can see the complete list of today's Zacks #1 Rank stocks here.

Full-year 2018 earnings for Century Communities is likely to rise 72.4%, while that of Cementos Pacasmayo are expected to increase 41.9%.

NVR is expected to witness 16.8% growth in 2018 earnings.

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