

Financial Review

John Sznewajs, CFO

Agenda

MASCO

Delivering on Our Plan

Outlook 2015 & Beyond

Capital Allocation







The Plan We Have Been Executing

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1

Refine the portfolio



2

Reduce costs and improve efficiency



3

Optimize our capital structure



RESULTS:

Refining Portfolio: Creating Two Strong Public Companies with Distinct Strategies

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Masco

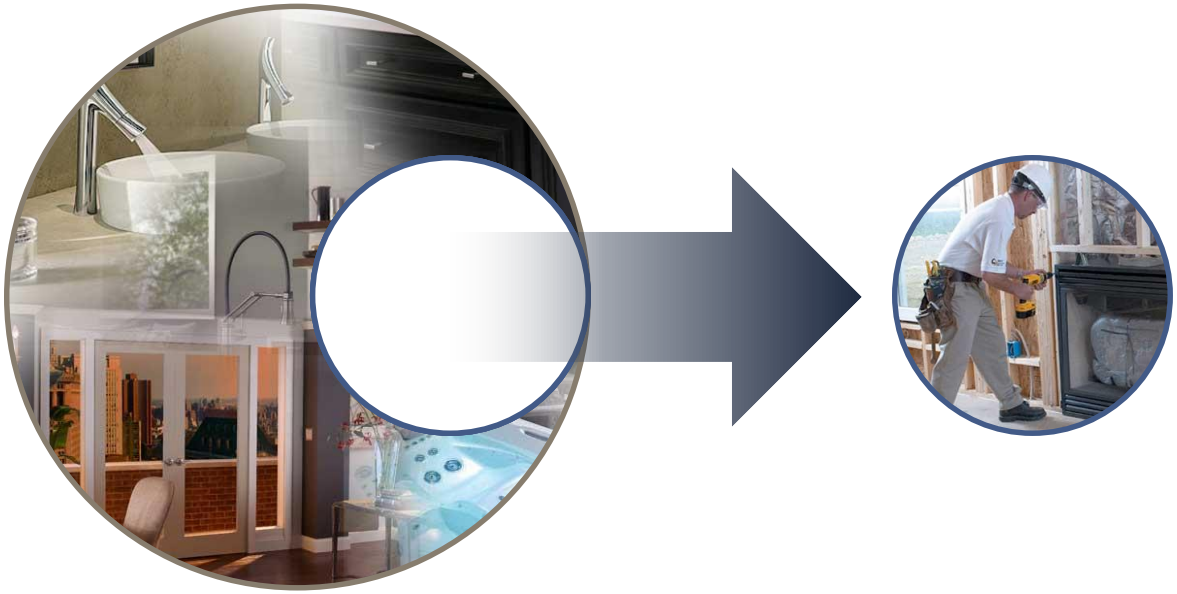
2014 Revenue: $7.0B*

Focus: Branded Building Products

The New "Services Business"

2014 Revenue: $1.5B

Focus: Installation and Distribution Services



Differentiated businesses with strong technical competence in their respective manufacturing and service sectors

*See appendix for GAAP reconciliation

Creating a Less Cyclical Business

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Revenue Breakdown – International vs. North America*



More Global Diversification

Revenue Breakdown – R&R vs. New Home Construction*



Less Cyclicality

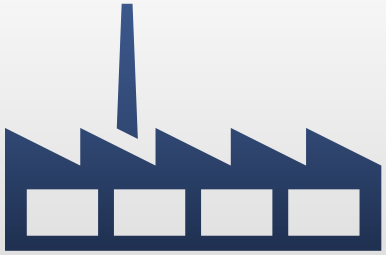
*Based on 2014 revenue and company estimates. See appendix for GAAP reconciliation

RESULTS:

Reduced Costs, Improved Efficiency

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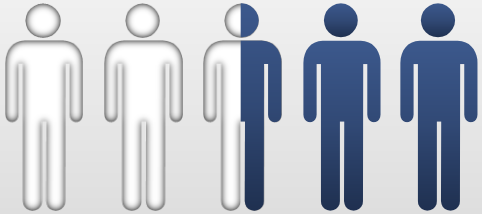
Facilities Closed:



33

+

Reduced Headcount Across the Enterprise:



45%

Cumulative Gross Fixed Cost Reductions - 2014

$400M

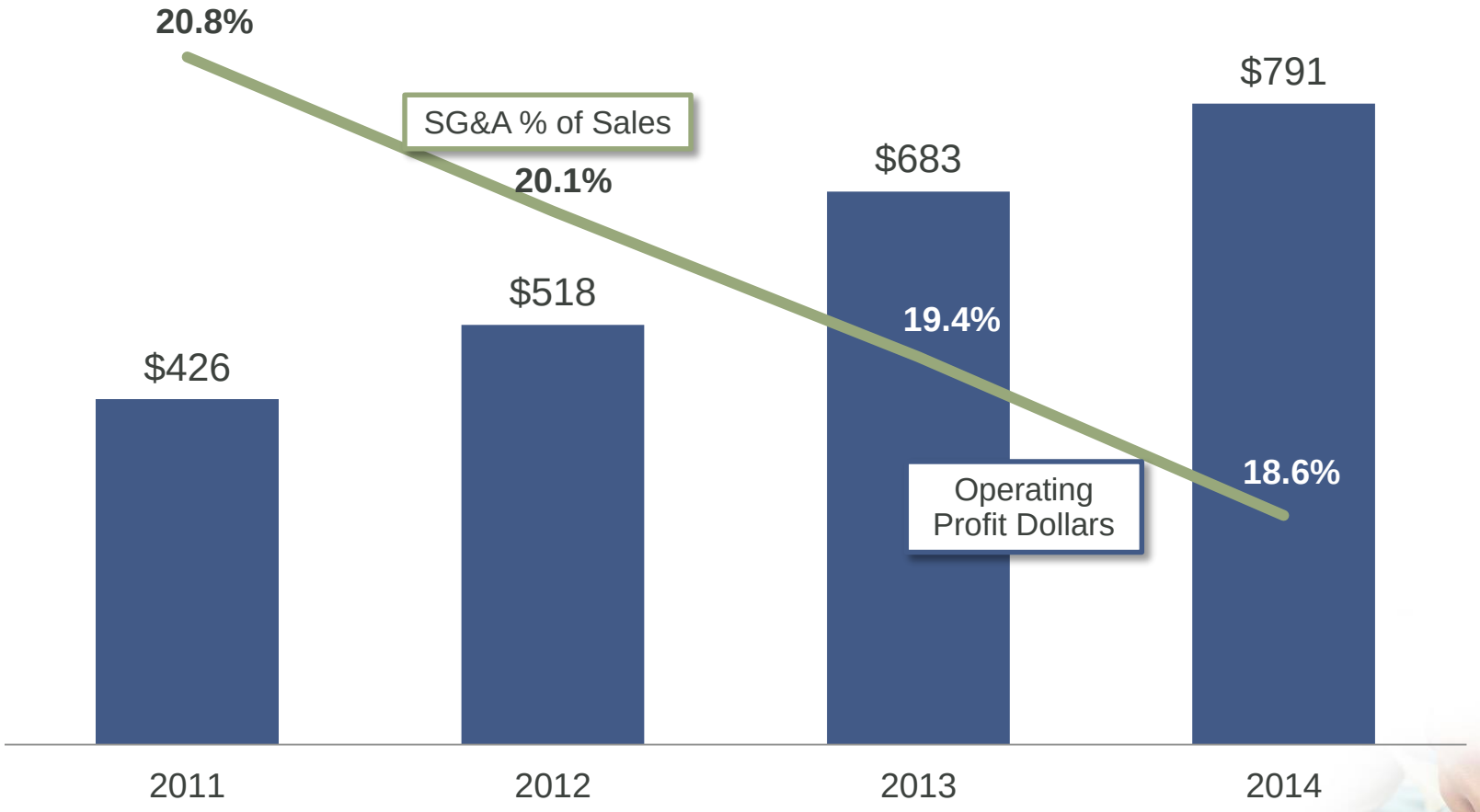


RESULTS:

Reduced Costs, Grew Operating Profit

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$M

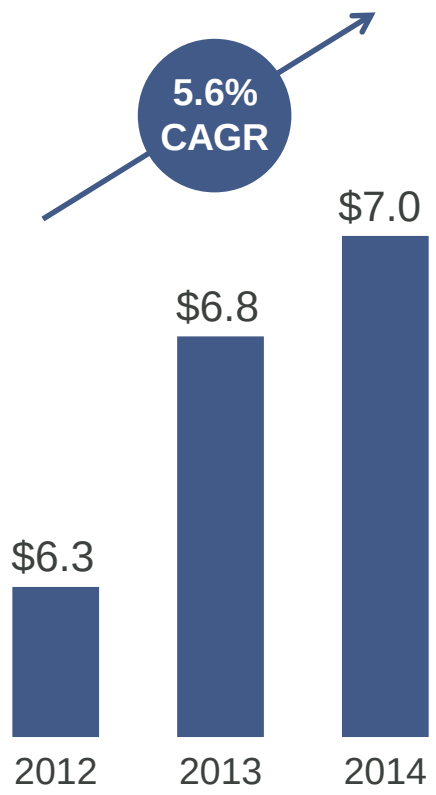


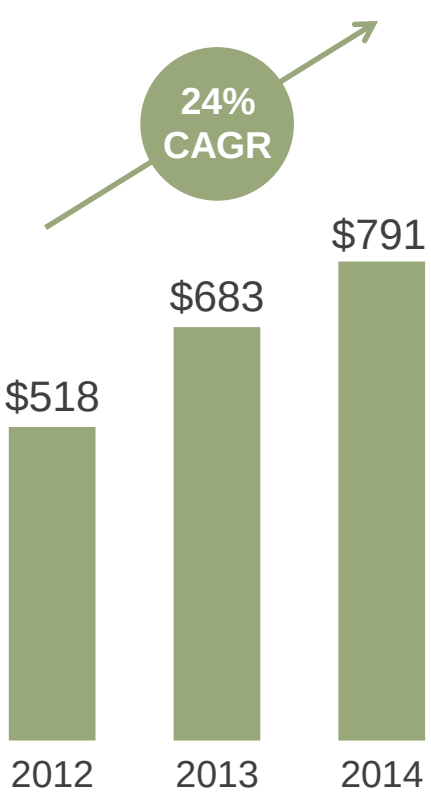
*See appendix for GAAP reconciliation

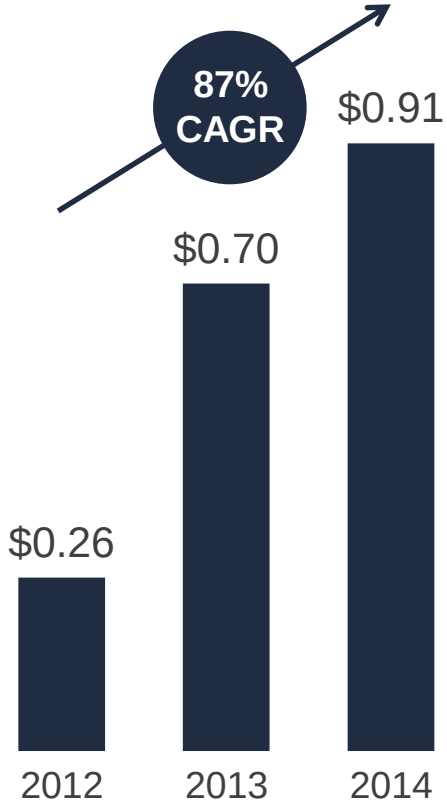
RESULTS:

Stable Revenues, Strong Profitability

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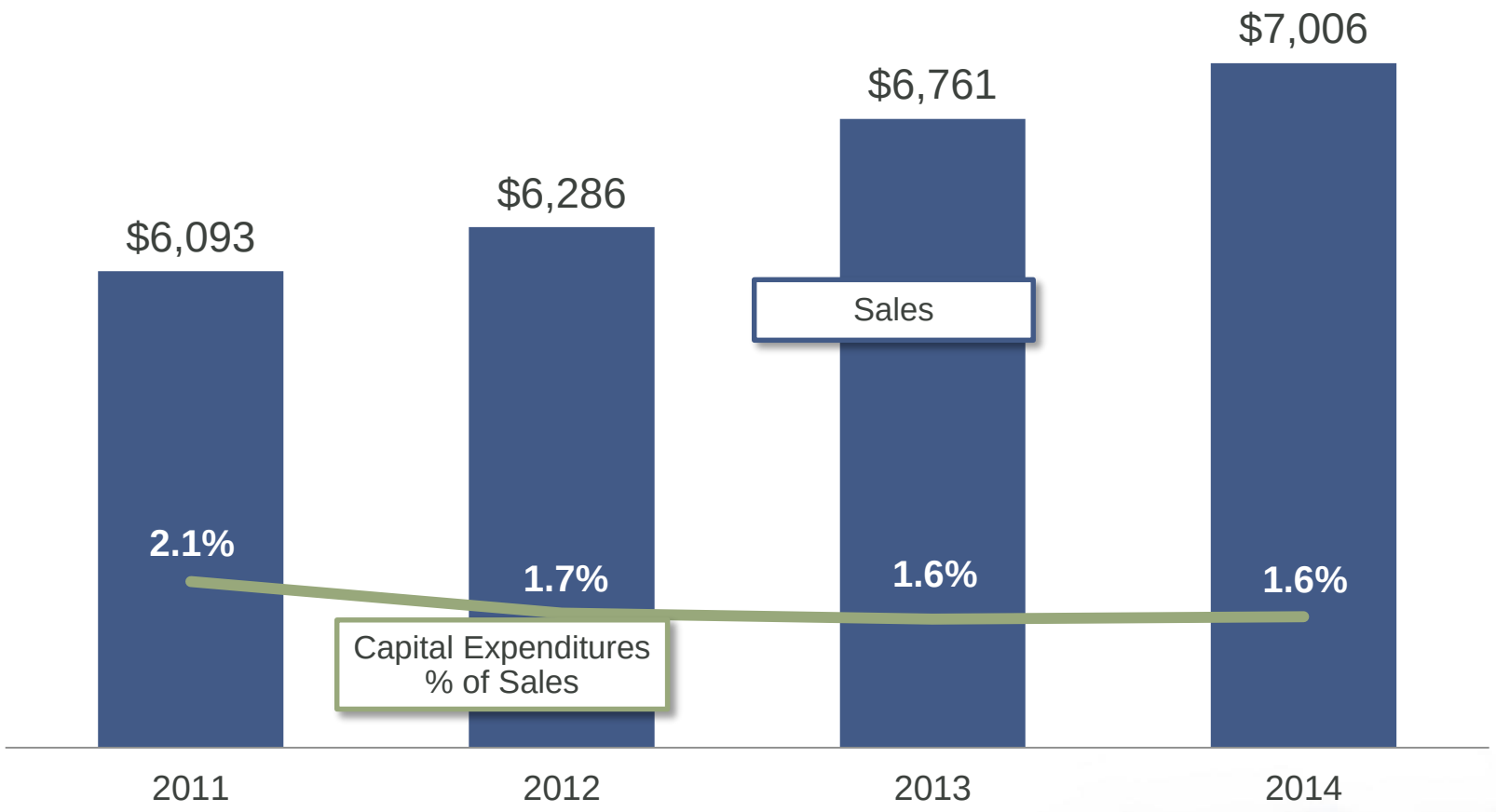
*See appendix for GAAP reconciliation. EPS as reported was ($0.16) in 2012, $0.83 in 2013 and $2.39 in 2014.

RESULTS:

Delivered Sales Growth with Low Levels of Capex Investment

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$M



*See appendix for GAAP reconciliation

RESULTS:

Identified Key Financial Targets and Exceeded Them



The 2014 *CFO*/REL Working Capital Scorecard

Best in Industry
Worst in Industry

	DWC			DSO			DIO			DPO		
		1-yr. %			1-yr. %			1-yr. %			1-yr. %	
Masco	39	-9%	42	45	-1%	45	34	-3%	35	40	37%	38
USG	43	9%	39	38	2%	37	34	-1%	34	29	3%	32
AO Smith	45	-8%	49	78	-3%	80	33	7%	31	66	2%	62
Universal Forest Products	58	-4%	60	27	-8%	29	42	-2%	43	11	-6%	12
Owens Corning	65	4%	63	47	11%	42	56	1%	55	38	9%	35
Griffon	84	1%	84	71	17%	61	45	-11%	51	32	-39%	28
Median	53	1%	53	44	5%	43	43	-1%	43	33	5%	31

"While working capital remains flat at America's largest companies for the 3rd straight year, Masco continues to improve and earn the title of 'Best in Industry'"

Source: CFO Magazine July 2014, *Running in Place* (Edward Teach)

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Capital Allocation







Stable Growing End Markets Impacting our Portfolio

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1
Age of US Housing Stock



2
Home Price Appreciation



3
Housing Turnover



4
Household Formation



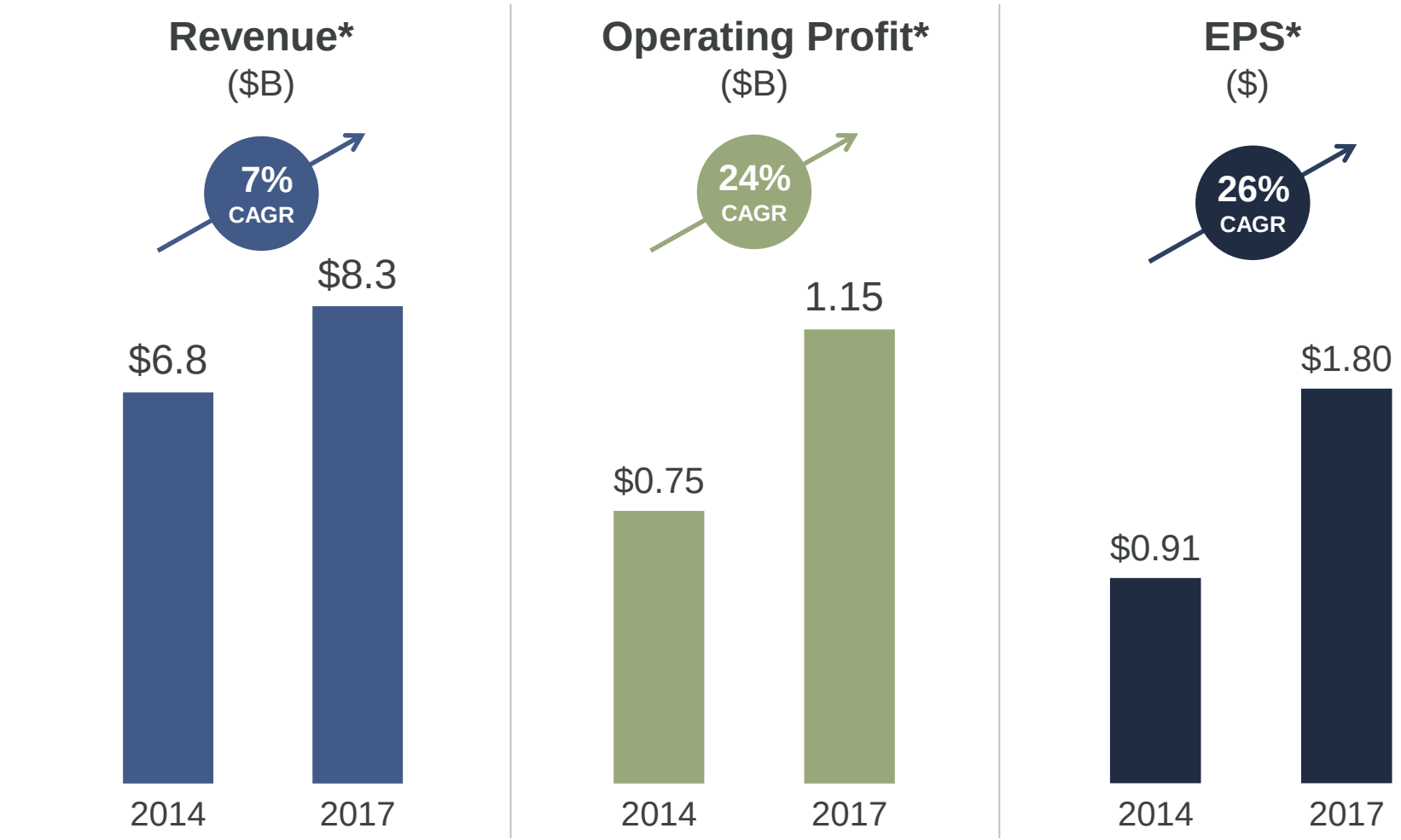
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Emerging Market Growth



Steady Revenue Streams Growing Above GDP ~1-2%

Strategic and Operational Actions Lay the Foundation for Profitable Growth

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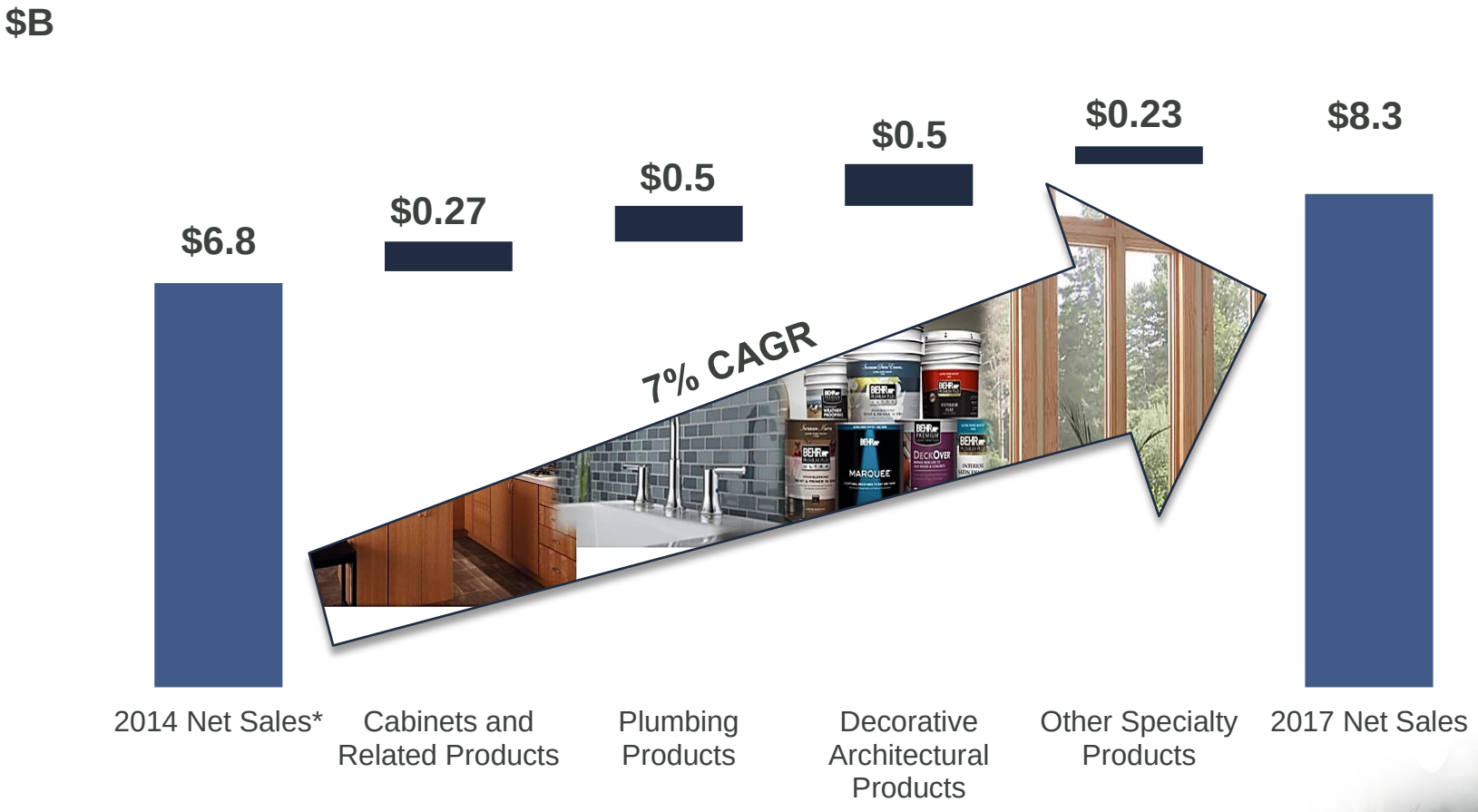


*2014 revenue and operating profit uses a $1.10 Euro to USD foreign exchange rate. See appendix for GAAP reconciliation

Note: Future performance reflects company estimates and excludes the Installation Segment.

Clear Line of Sight for Revenue Growth from our Refocused Portfolio

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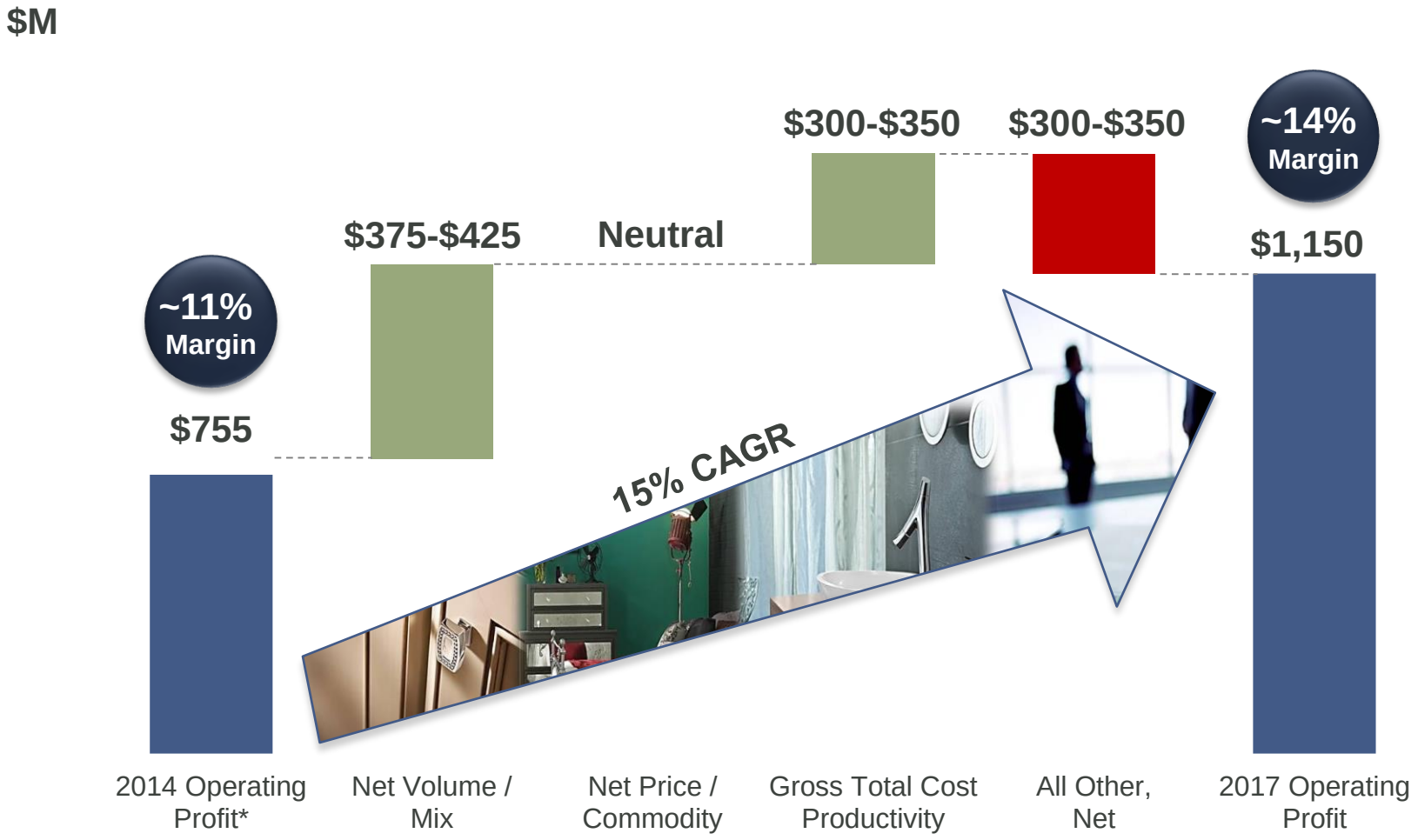


*2014 revenue and operating profit uses a $1.10 Euro to USD foreign exchange rate. See appendix for GAAP reconciliation

Note: Future performance reflects company estimates and excludes the Installation Segment.

Operating Leverage and Disciplined Cost Control Fuels Operating Profit Increase of ~300bps

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Note: Future performance reflects company estimates and excludes the Installation Segment.

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Capital Allocation







Capital Allocation – A Disciplined and Balanced Approach

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Disciplined Capital Deployment

- Invest in the business



- Shareholder-focused returns



- Bolt on acquisitions

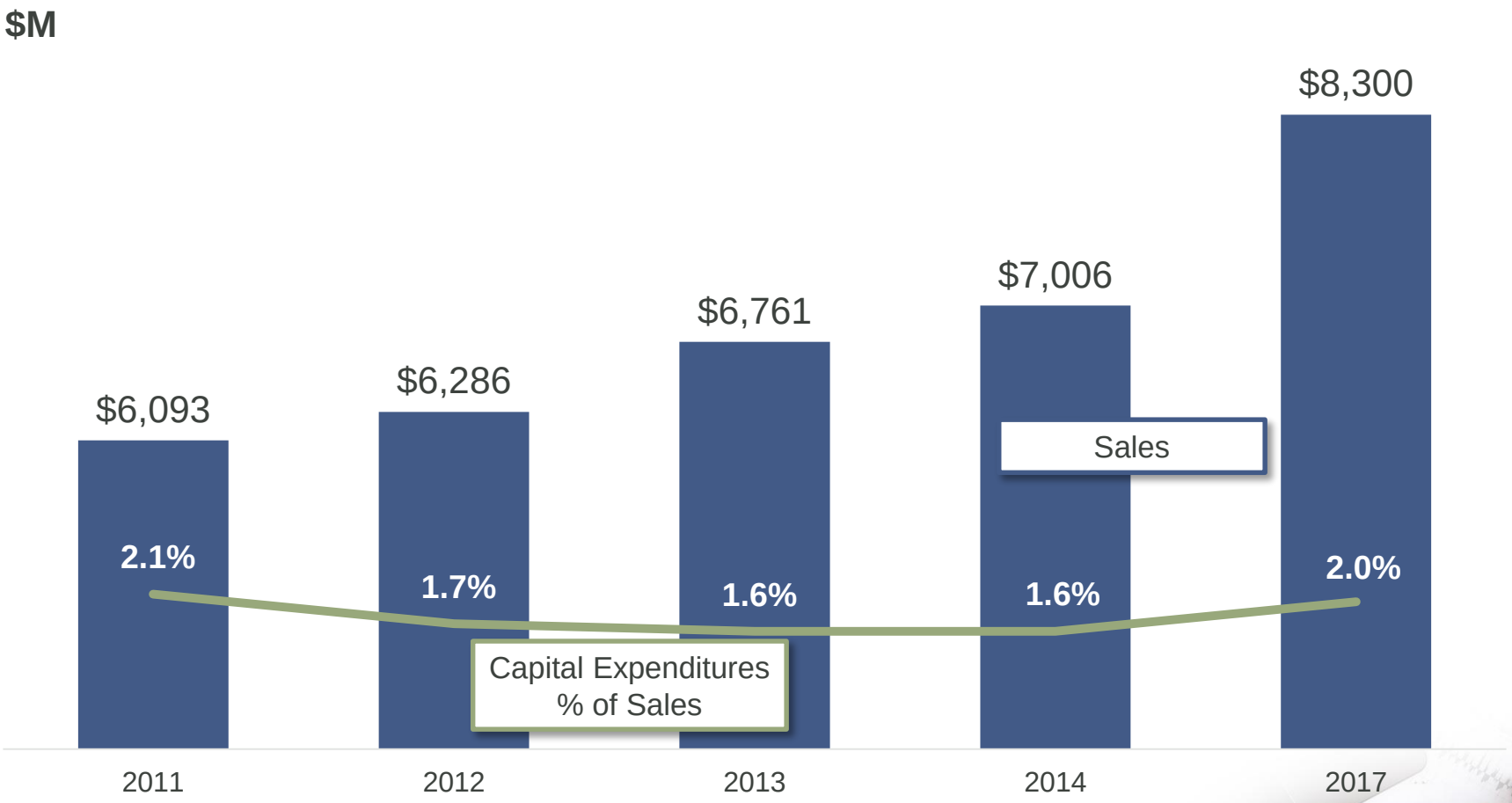


- Pay down debt



Future Growth Requires Low Capex

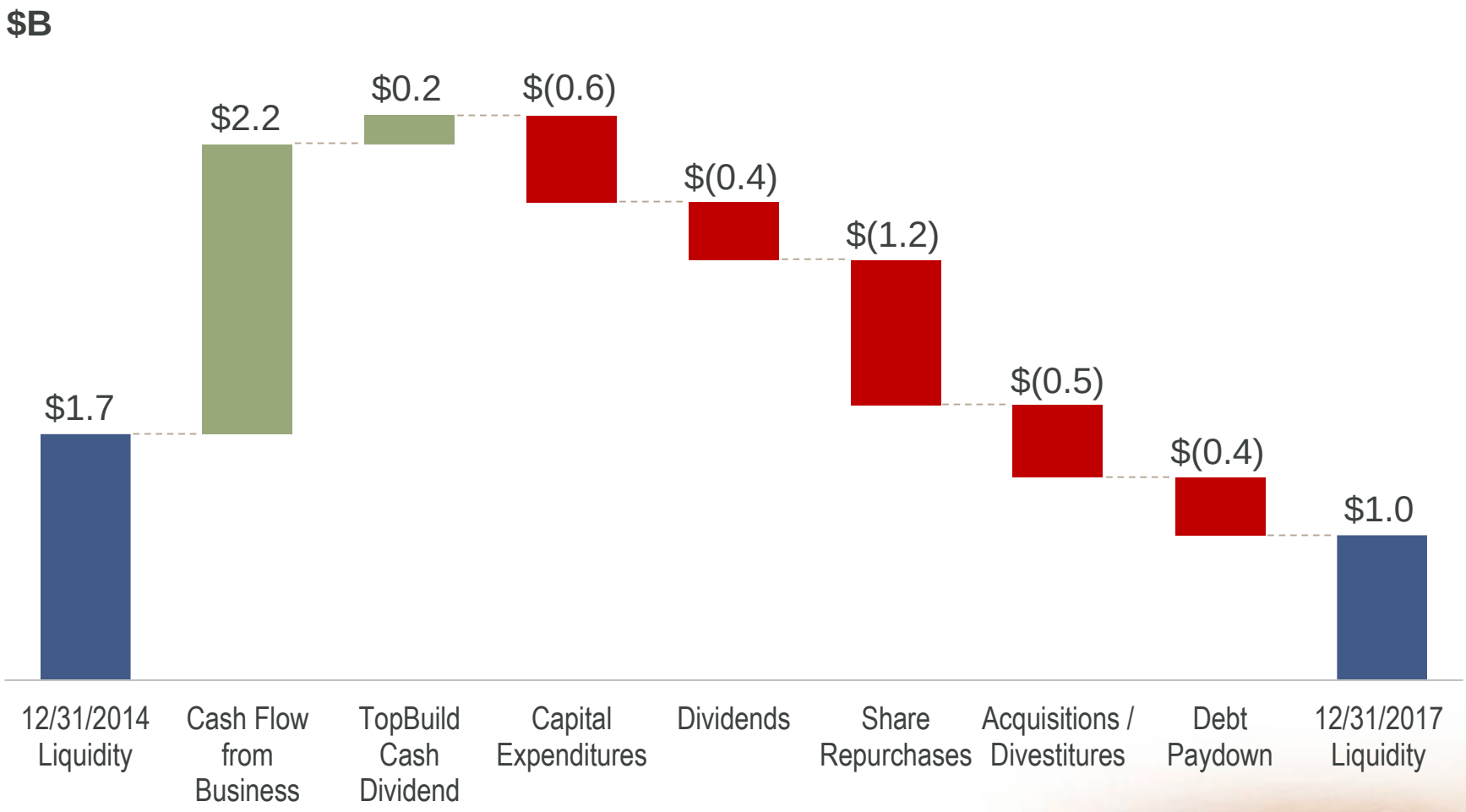
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*See appendix for GAAP reconciliation

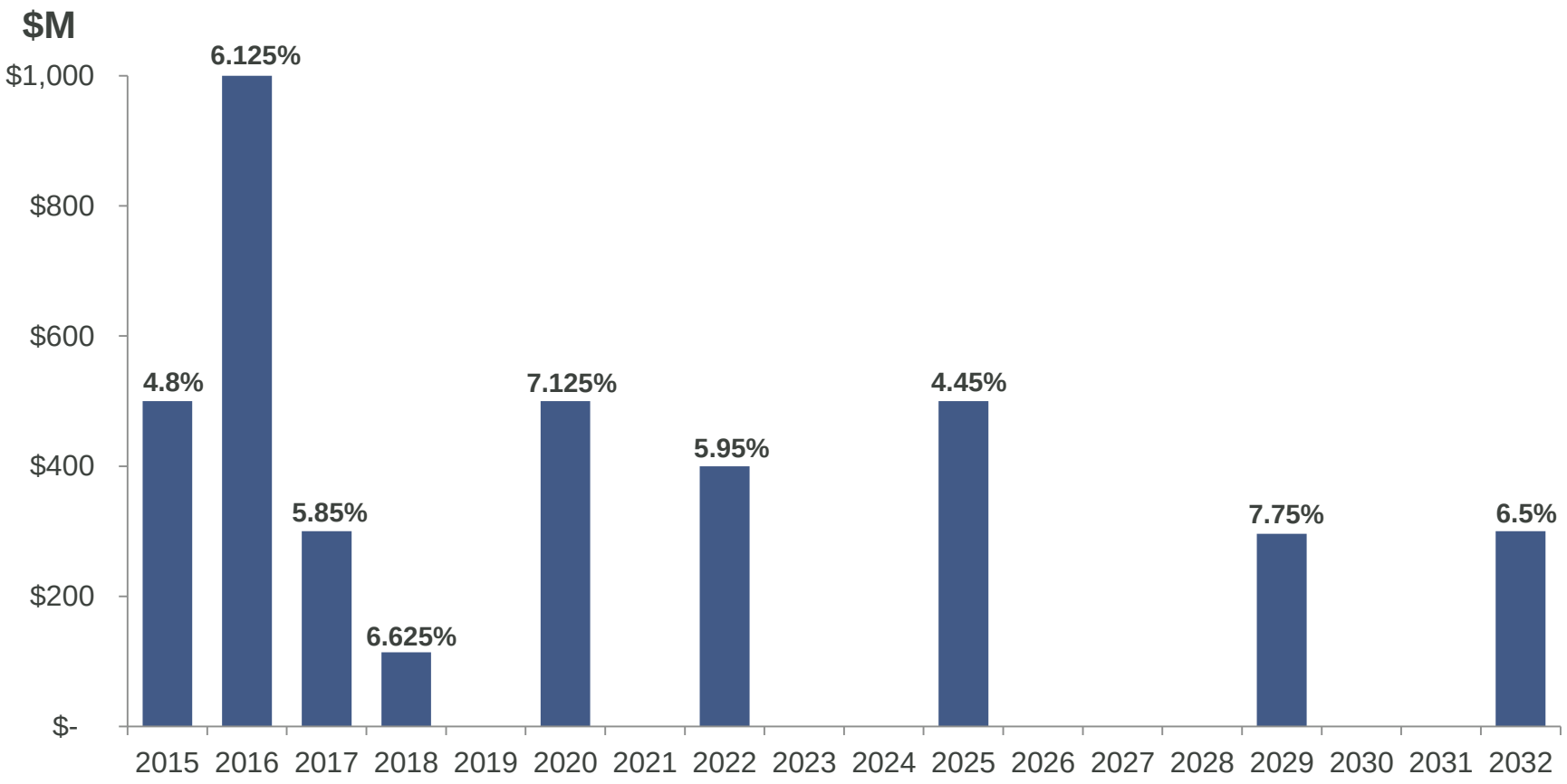
Powerful Cash Flow Funds Growth and Return to Shareholders Through 2017

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Well Balanced Outstanding Maturities

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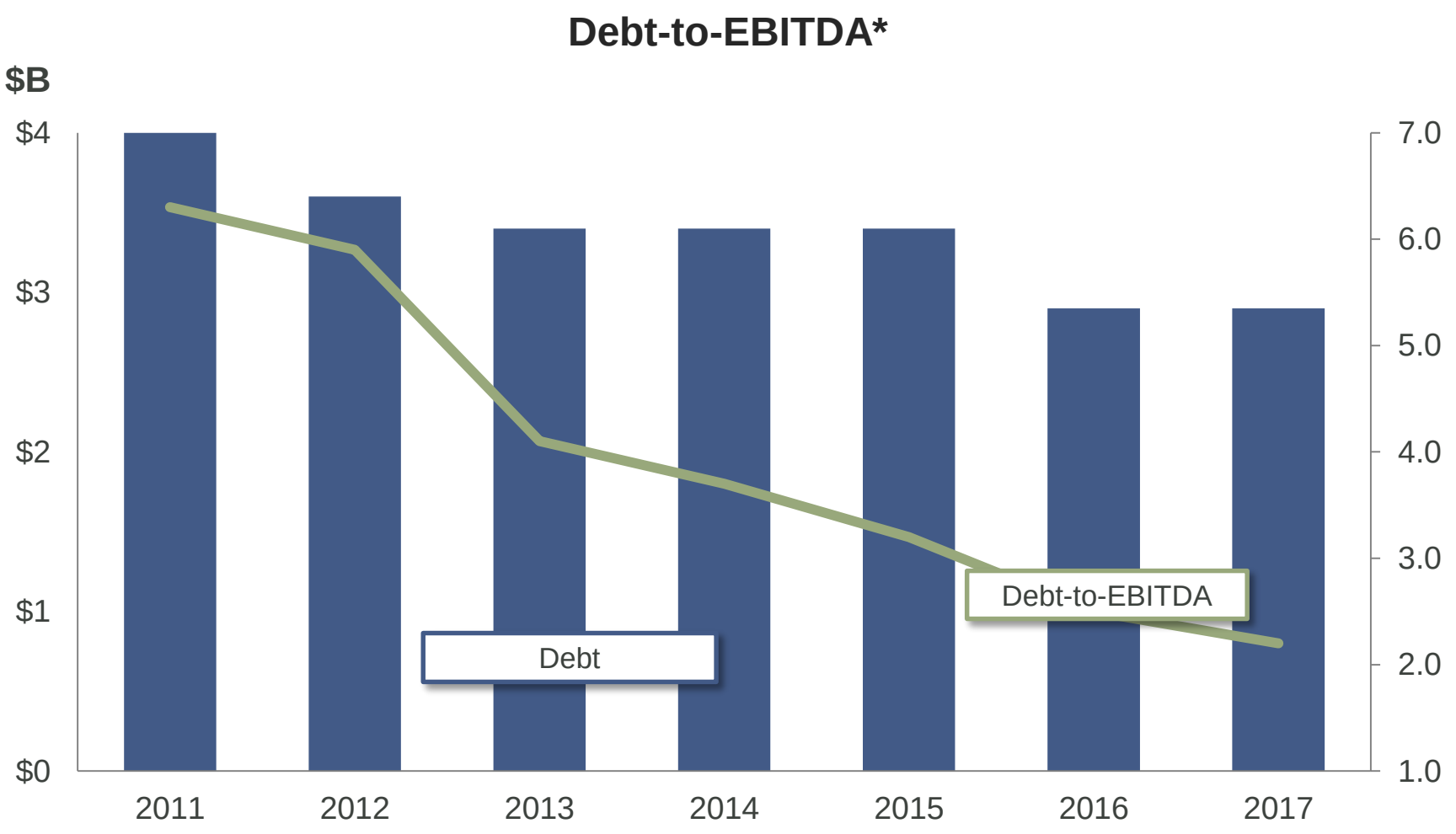






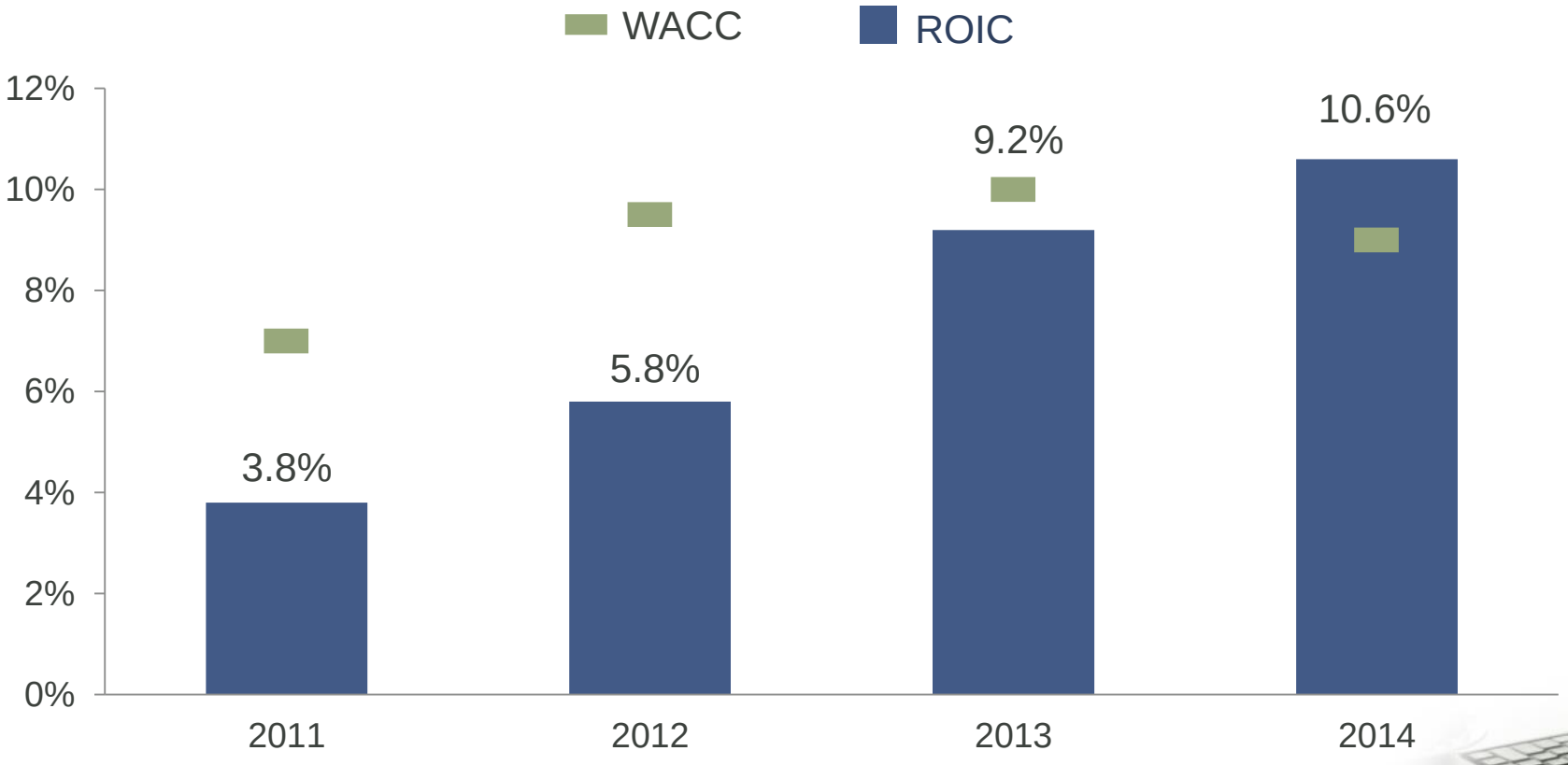
Going Forward: An Improved Leverage Profile

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*See appendix for GAAP reconciliation

Accelerated ROIC to Levels Above our Cost of Capital Delivers Value Creation



ROIC exceeded WACC by 160 bps in 2014

IN SUMMARY

New Masco. New Financial Profile

- **Execution well underway to transform Masco**
- **Strong outlook with profitable EBIT growth ~15% CAGR**
- **Powerful cash flow and improved ROIC will drive shareholder value**

