

Plumbing Segment

Richard O’Reagan / Group President, Global Plumbing

Agenda

MASCO

The Business Today

Growth Plan







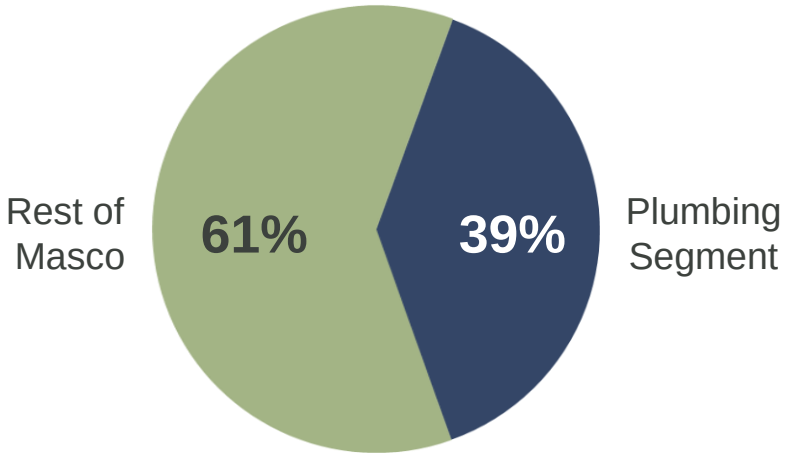




Plumbing Products Segment Overview

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Masco Corp.
(Breakdown of 2014 Revenue)



	12/31/2014
Revenue	**$3.3B**
Margin as Adjusted*	**15.6%**
% of Masco EBIT as adjusted*	**61%**
% Revenue outside N. America	**41%**
% Repair & Remodel Sales	**82%**
Currency Exposure	**USD / EUR / CAD**
Commodity Exposure	**Copper / Zinc**

*Operating profit, as adjusted excludes $5M of rationalization charges for Plumbing Products and $63M of net rationalization changes for Masco.

Strong Brands with Industry Leading Positions

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Delta®
(US DIY faucet brand)

BrassCraft®
(NA plumber brand)

Brizo®
(Recommended premium faucet showroom brand)

Hot Spring® / Caldera®
(Leading global brands in portable spa market)

Hansgrohe®
(Global shower brand)

Bristan / Heritage
(UK faucet market)

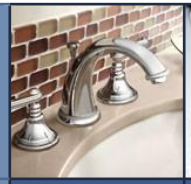
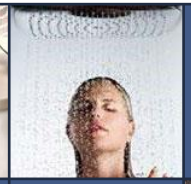
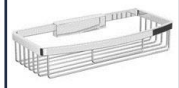
Axor®
(Global designer faucet brand)

Mirolin®
(Acrylic bath-ware manufacturer in Canada)



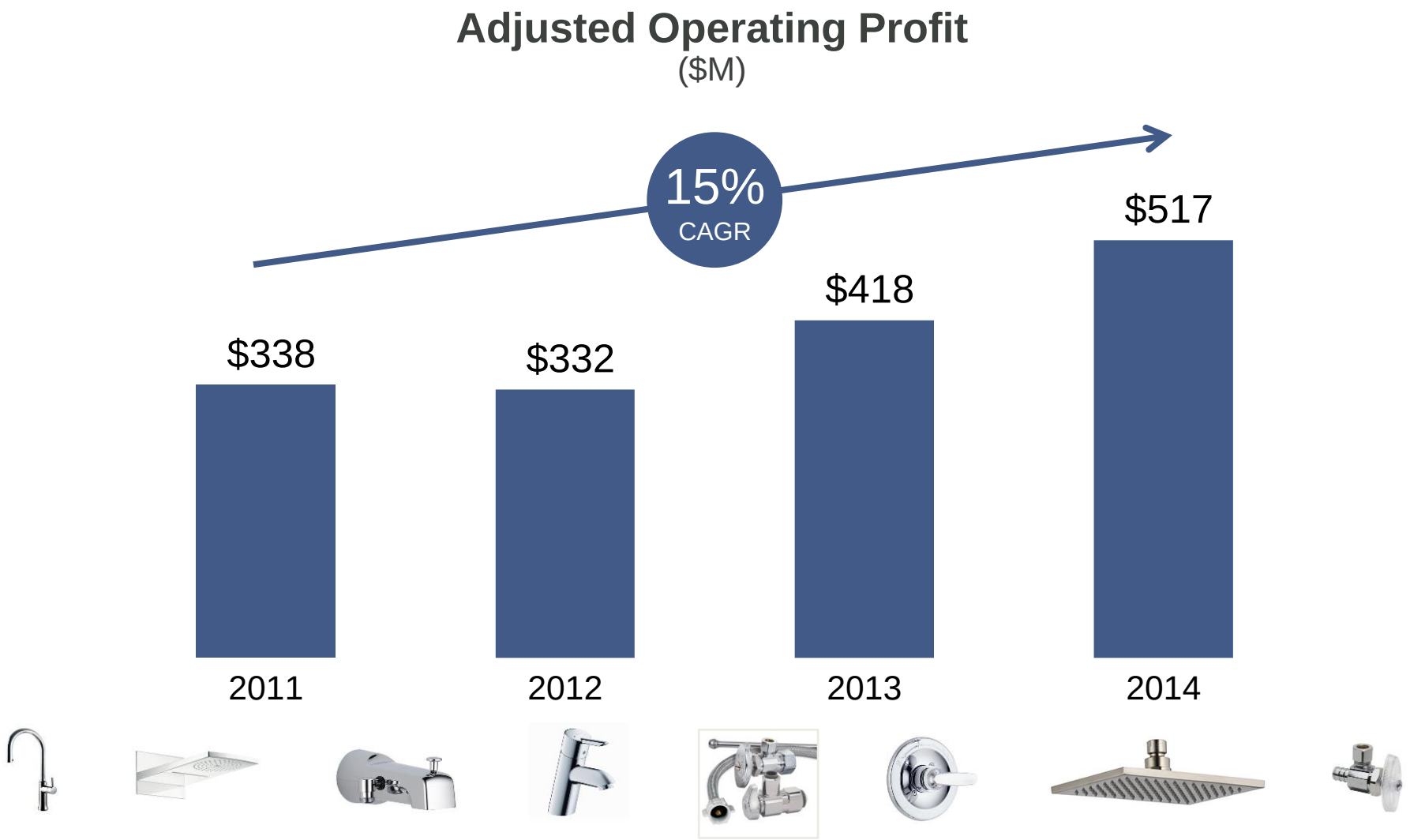
Broad Product Range with Multiple Opportunities for Growth

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	North America						Int'l - ~40% Revenues		
	BrassCraft	BRASSTECH	DELTA see what Delta can do	MASCO	Mirolin	Watkins The Home Relaxation Specialists	BRISTAN	hansgrohe	HÜPPE SHOWER AND SOUL
Faucets & Showers									
Bath Systems									
Sanitary Wares									
Rough Plumbing									
Bath Acc. / Wellness Markets									

Diversified Portfolio Delivers a Solid Performance Record

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**Excludes business rationalization charges for 2014, 2013, 2012, and 2011 of $5 million, $24 million, $25 million and $15 million, respectively. Excludes 2011 other intangible asset impairment charge of $1 million.*

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Strategic Priorities

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1 Extend leadership in North American plumbing



2 Pursue category expansion



3 Growth in priority international markets, both organically and inorganically

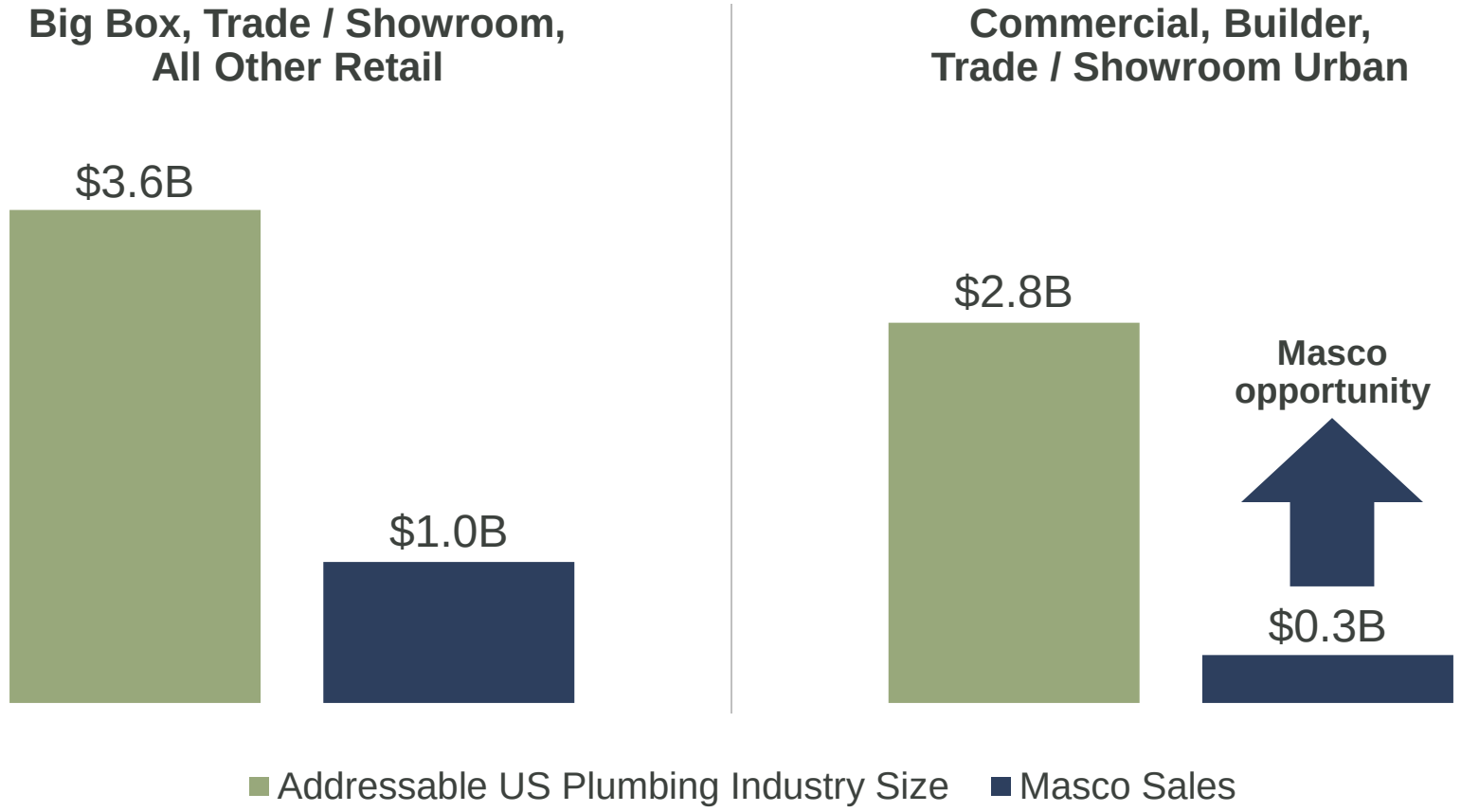


BrassCraft · BRASSTECH · DELTA see what Delta can do · MASCO · Mirolin · Watkins The Home Relaxation Specialists · BRISTAN · hansgrohe · HÜPPE SHOWER AND SOUL

Target and Grow in Under-Penetrated Channels

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Channel Breakdown of Addressable Opportunity



Notes: Industry includes Faucets, Rough Plumbing Supplies and Portable Spas
Source: Company Estimates for Masco Addressable Opportunities

Our Strengths are Key Enablers for Success

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Brands

Delta Faucet Company share	#1
BrassCraft® products preferred choice by Professional Plumber	#1
Hot Spring® portable spa brand	#1

Innovation

KBIS – Brizo® articulating arm kitchen faucet	Winner
The Home Depot Innovation	Top 10
U.S. patent filings for faucets & fittings for the past 20 years vs. the competition	2X
Vitality Index	>30%

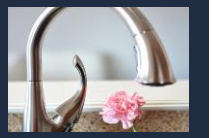


Brizo® Articulating Arm Kitchen Faucet

Key Execution Initiatives

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Preserve the core



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Grow commercial sales



+

Capitalize on new home construction with key builders



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Grow urban showroom sales



Estimated Sales Opportunity:

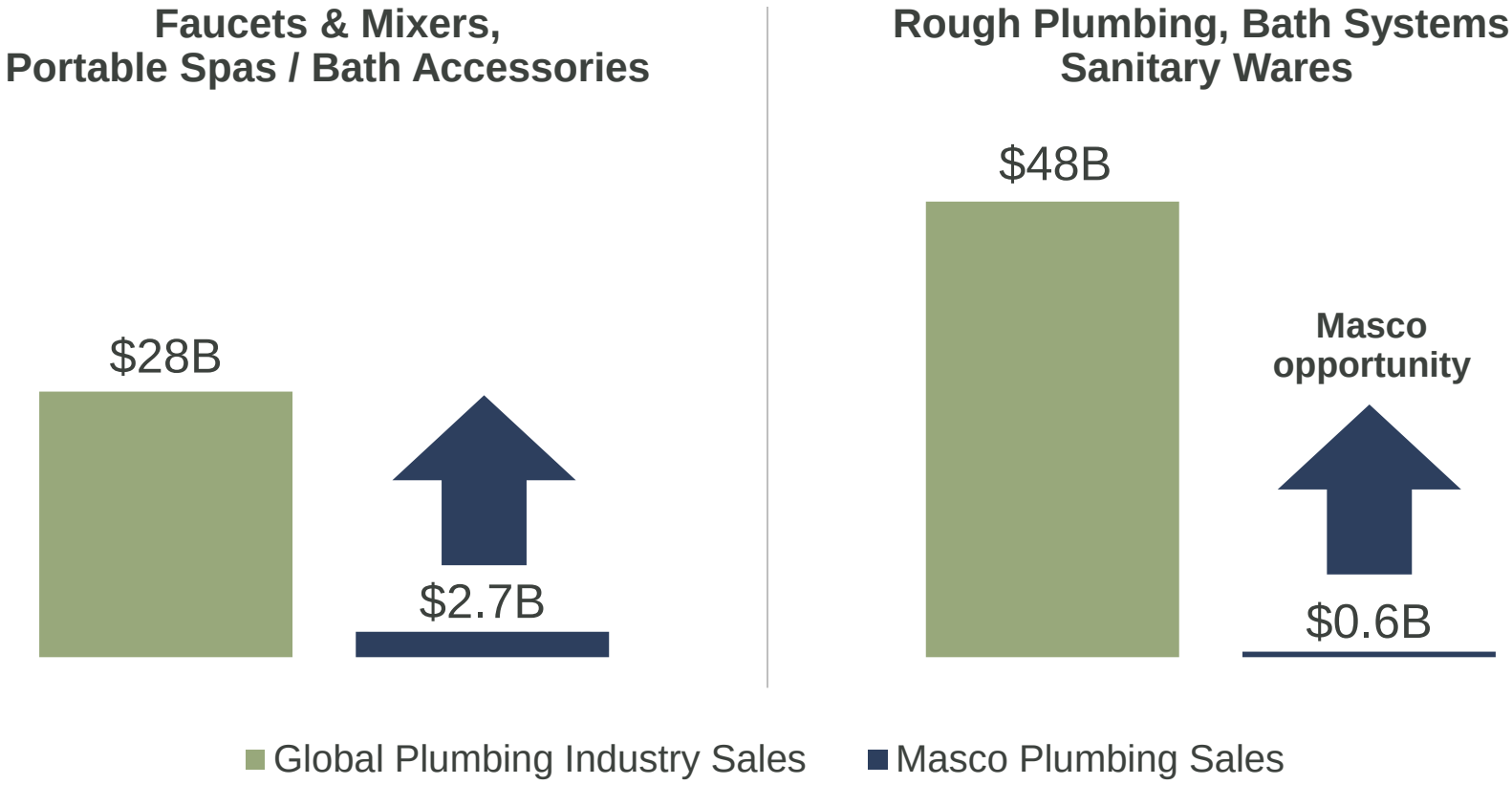
~$175-$250M over the next three years



Adjacent Categories Represent Significant Growth Potential

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Product Breakdown of Addressable Opportunity



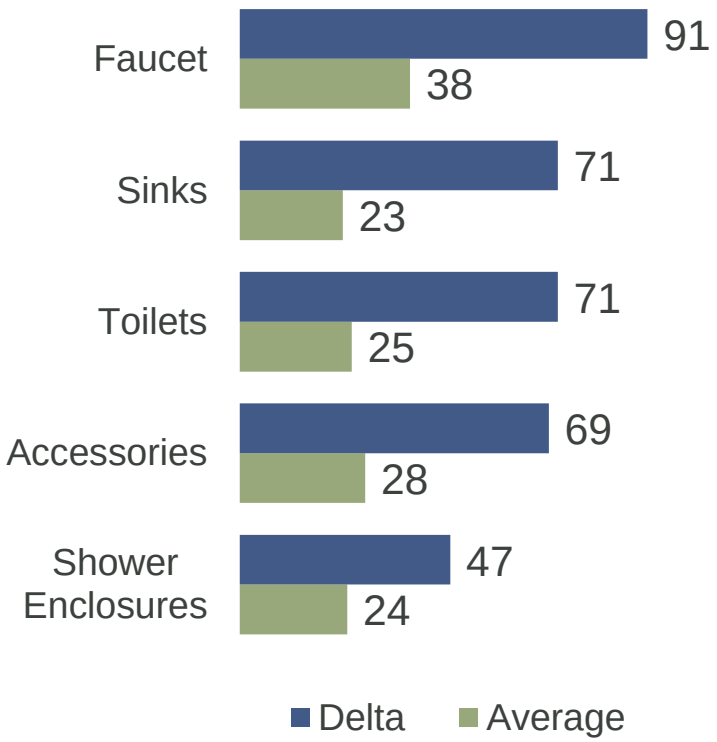
Notes: Industry includes Faucets, Rough Plumbing Supplies and Portable Spas
Source: Company Estimates for Masco Addressable Opportunities

Brand Recognition Drives Our Right to Win

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Strong Consumer Association with Delta® Brand and Adjacent Bathing Products

Delta Brand Awareness %



Attachment Rates

- Adjacent categories with highest attachment rate to existing products
  1. Toilet with purchase of both vanity sink / faucet
  2. Vanity sink with purchase of a faucet



Source: DFC Brand Extension Study (Invoke). Aided awareness %.

Key Execution Initiatives

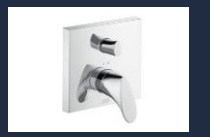
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Expand into sanitary wares



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Grow bath systems sales



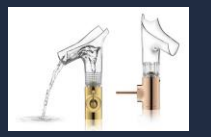
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Extend rough plumbing categories



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Pursue inorganic growth



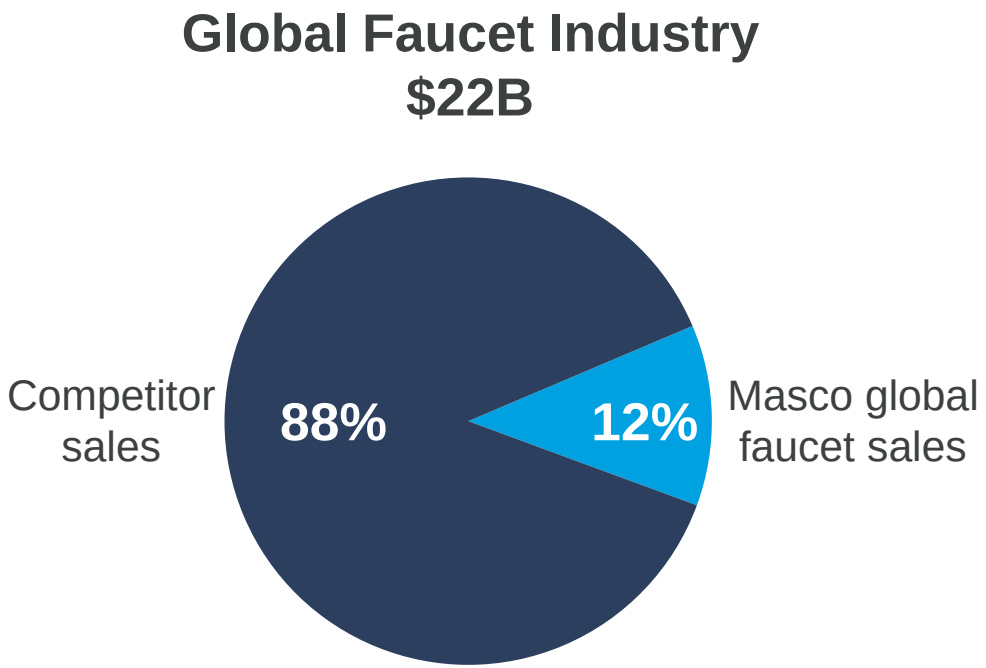
Estimated Sales Opportunity:

~$75-$125M over the next three years



Leverage our Leadership Position in Global Faucets and Mixers for Greater Growth

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Masco is the #1 global faucet player with significant opportunity to grow






Notes:All figures based on Wholesale Pricing
Source: BRG, Fredonia and Company estimates for 2014

Masco Plumbing – Competitive Global Footprint



Multiple Business Units in N. America
- Delta Faucet
- Hansgrohe
- BrassCraft (USA, Canada)
- Brasstech (USA)
- Masco Canada (Canada)
- Mirolin (Canada)
- Watkins

Delta Faucet (>60 Countries)

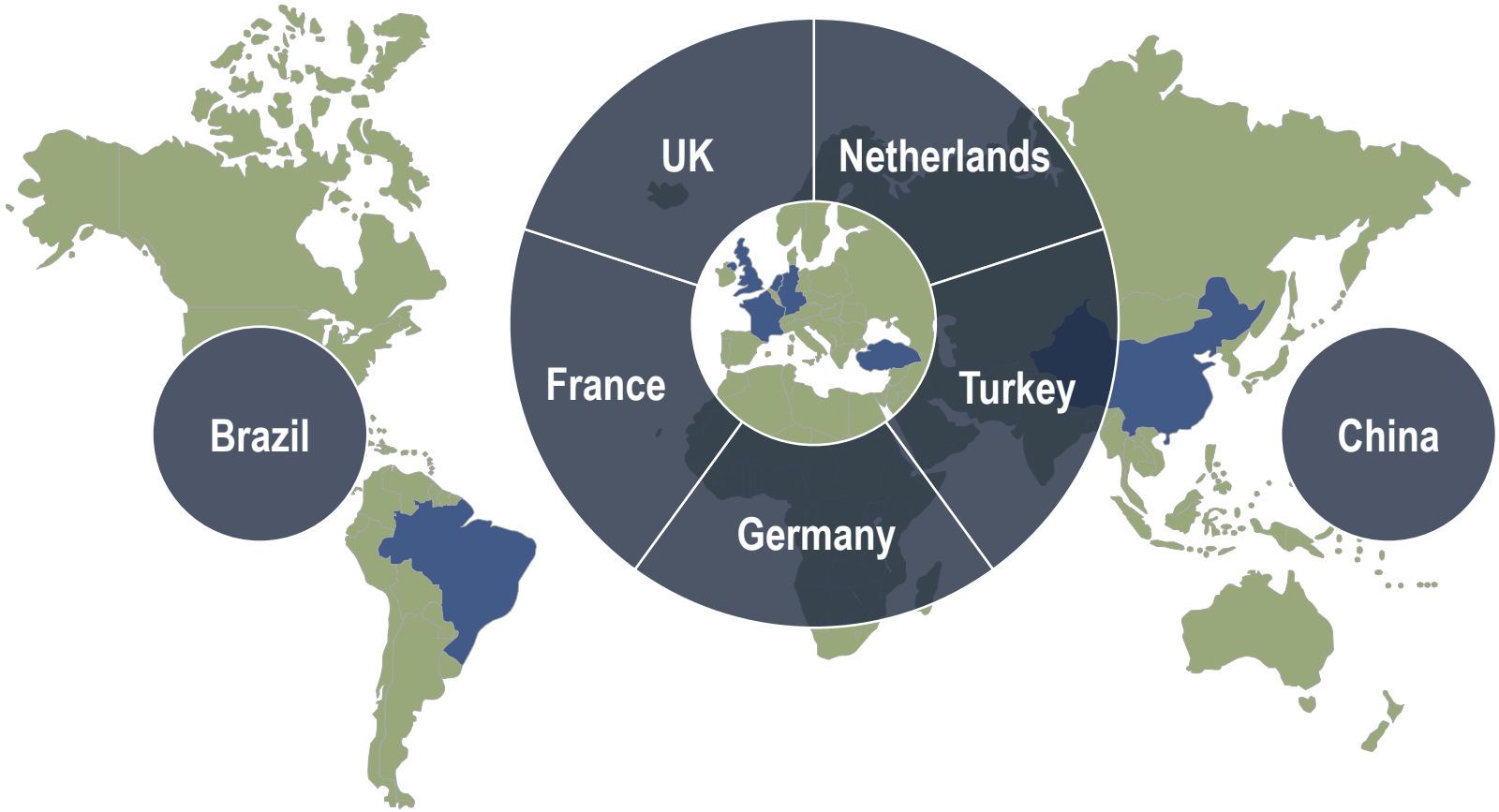
Hansgrohe (>140 Countries)

#1 globally in faucets and mixers

Source: Masco

Growth in Priority International Markets

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Key Execution Initiatives

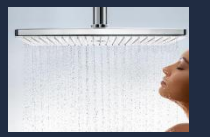
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Focus international growth in key markets



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Leverage Hansgrohe's distribution capabilities



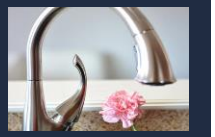
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Leverage Delta and Hansgrohe's innovation



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Pursue inorganic growth

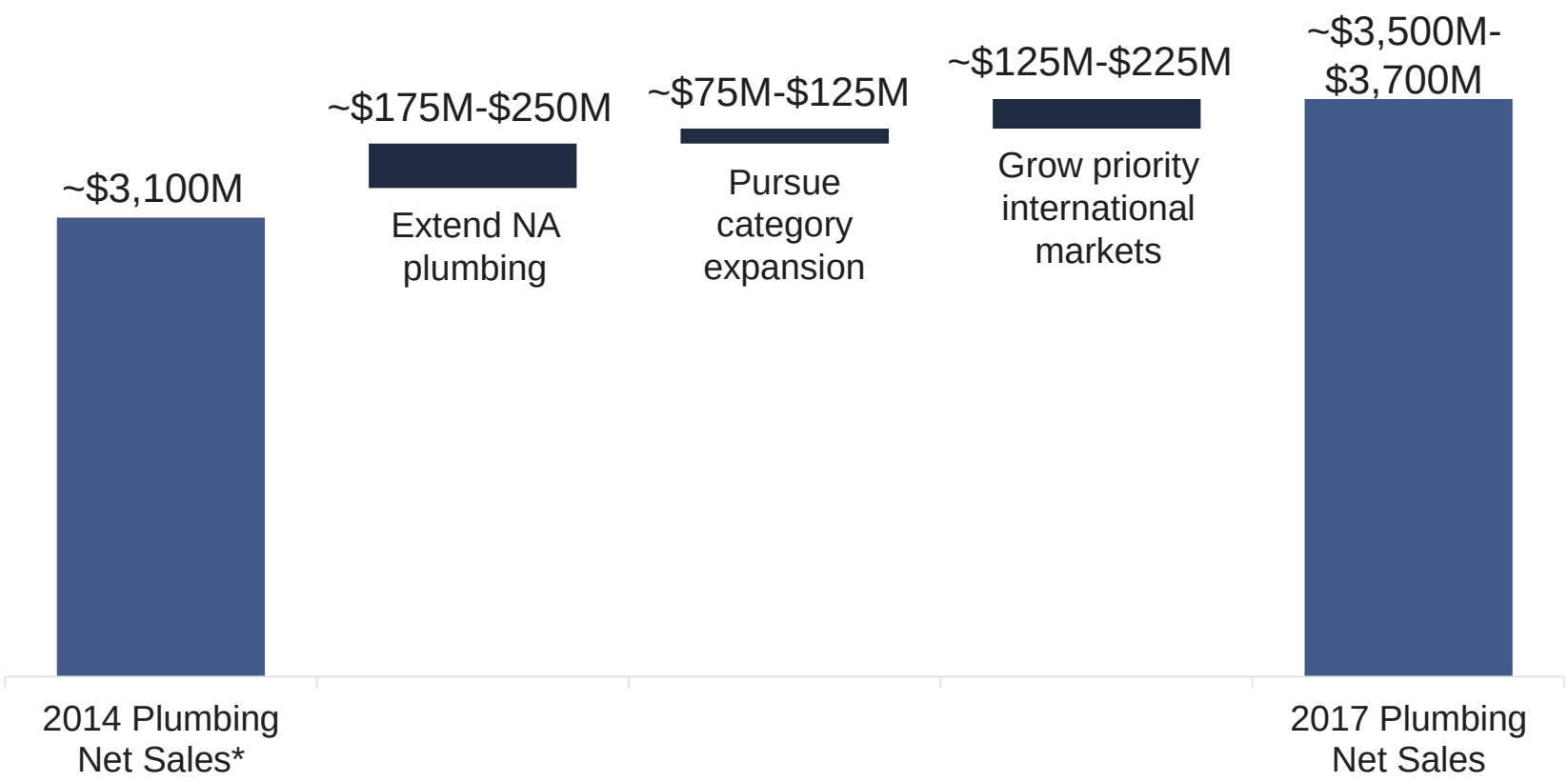


Estimated Sales Opportunity:

~$125-$225M over the next three years



Plumbing Segment 3 Year Outlook



Plumbing segment is expected to generate 16-17% operating margins in 2017 with sales growing at 4%-6% CAGR during the next 3 years

*2014 Plumbing net sales as reported was $3.3B. Using a $1.10 euro to USD foreign exchange rate, net sales would have been reduced by approximately $200M

IN SUMMARY

Masco's Plumbing Segment is a Powerhouse of Global Industry Leading Brands

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- **Masco's Plumbing segment has a strong track record of execution**
  - which has consistently delivered above industry growth and margins
- **Portfolio has broad product depth and leadership positions in the industries served**
  - represent tremendous opportunities for growth
- **Plumbing segment has identified clear strategies**
  - to leverage the portfolio's brand strengths, innovation, and global capabilities to achieve its growth targets





