

Cabinetry Products

Joe Gross / Masco Group Vice President

Gordon Fournier / President Masco Cabinetry

Safe Harbor Statement

MASCO

This presentation contains statements that reflect our views about our future performance and constitute “forward-looking statements” under the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as “believe,” “anticipate,” “appear,” “may,” “will,” “should,” “intend,” “plan,” “estimate,” “expect,” “assume,” “seek,” “forecast,” and similar references to future periods. Our views about future performance involve risks and uncertainties that are difficult to predict and, accordingly, our actual results may differ materially from the results discussed in our forward-looking statements. We caution you against relying on any of these forward-looking statements.

Our future performance may be affected by the levels of home improvement activity and new home construction, our ability to maintain our strong brands and to develop and introduce new and improved products, our ability to maintain our competitive position in our industries, our reliance on key customers, our ability to achieve the anticipated benefits of our strategic initiatives, our ability to improve our under-performing U.S. window business, the cost and availability of raw materials, our dependence on third party suppliers, and risks associated with international operations and global strategies. These and other factors are discussed in detail in Item 1A, “Risk Factors” in our most recent Annual Report on Form 10-K, as well as in our Quarterly Reports on Form 10-Q and in other filings we make with the Securities and Exchange Commission. The forward-looking statements in this presentation speak only as of the date of this presentation. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. Unless required by law, we undertake no obligation to update publicly any forward-looking statements as a result of new information, future events or otherwise.

Agenda

MASCO

Transformation of the Segment

The Business Today

Future Outlook







Priorities from 2015 Investor Day are Complete

MASCO

		Successfully completed
1	Profitably recover KraftMaid® and Merillat® share	☑
2	Execute Builder Direct turnaround	☑
3	Achieve margin improvement targets	☑

KraftMaid Cabinetry

Merillat. We are America's Cabinetmaker.™

QUALITY CABINETS™

Transformation Completed: 2014 to 2016

MASCO

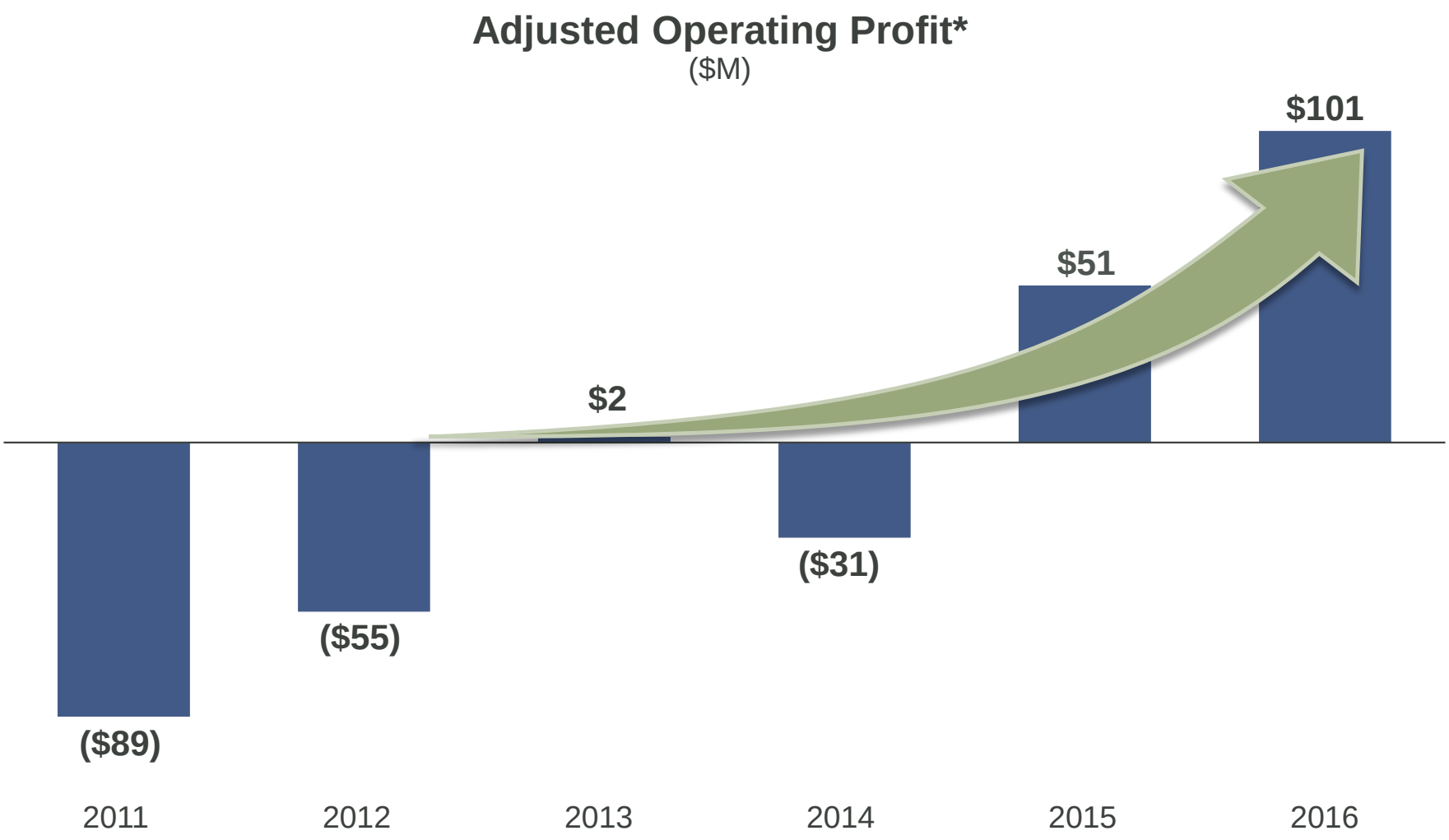
Key Achievements

- New senior leadership team
- Reduced breakeven by ~$400M to ~$600M
- Improved adjusted operating profit[1] by 1,350 bps or $131M
- Reduced annual SG&A spend[2] by ~17%

1. Excludes rationalization charges of $31M in 2014 and $8M in 2016.
2. Excludes rationalization charges of $1M in 2016.

Solid Turnaround in Performance

MASCO



* Excludes rationalization charges of $37M in 2011, $34M in 2012, $12M in 2013, $31M in 2014, $5M in 2015, and $8M in 2016.
Excludes gain on sale of property and equipment of $5M in 2015.

Agenda

MASCO

Transformation of the Segment

The Business Today

Future Outlook



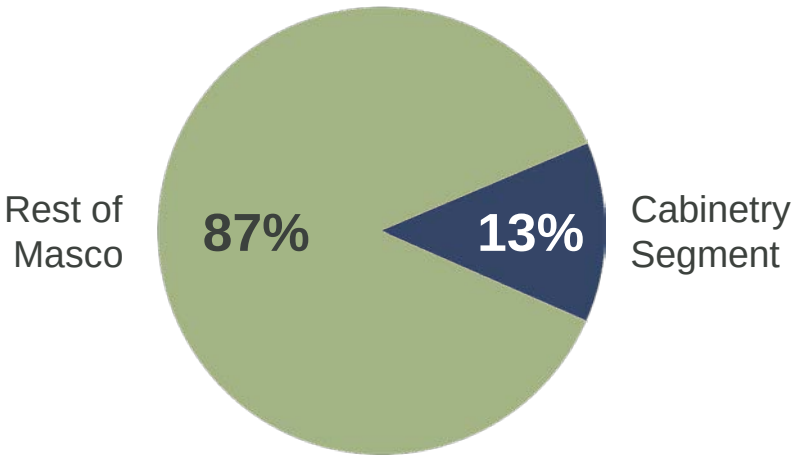




Cabinetry Products Segment Overview

MASCO

Masco Corp.
(Breakdown of 2016 Revenue)



	12/31/2016
Revenue	**~$1B**
Margin as Adjusted*	**10.4%**
% Revenue outside N. America	**6%**
% Repair & Remodel Sales	**61%**
Currency Exposure	**USD / GBP**
Commodity Exposure	**Hardwoods / Particle Board**

* Excludes rationalization charges of $8M.

Our Cabinetry Brands are Among the Most Recognized in the Industry

MASCO

KraftMaid Cabinetry



Merillat

We are America's Cabinetmaker.



QUALITY CABINETS™



Masco Cabinetry (North America)

moores for every home

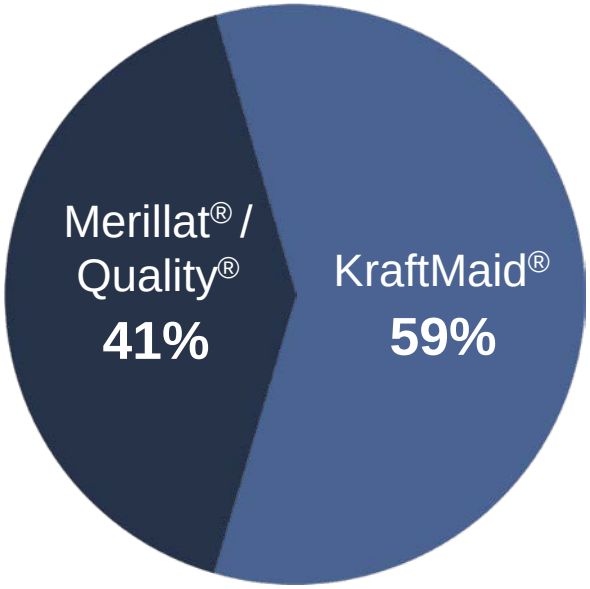


Moores (UK)

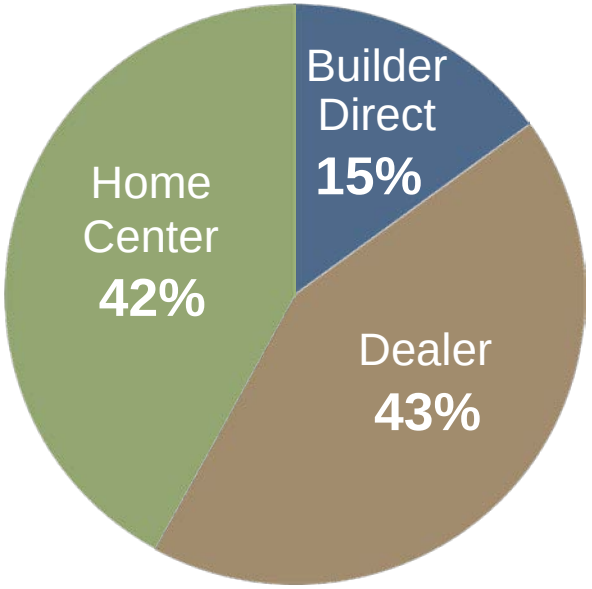
Masco Cabinetry – Diversified Sales by Brand and Channel

MASCO

2016 Sales by Brand*



2016 Sales by Channel*

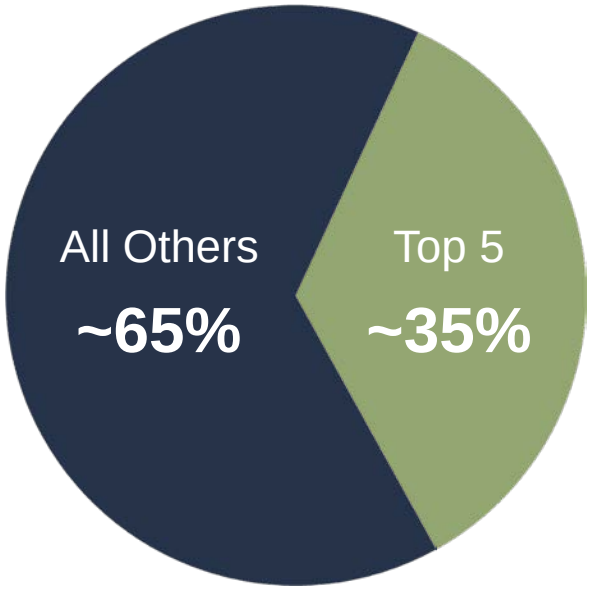


* Excludes Moores and based on company estimates.

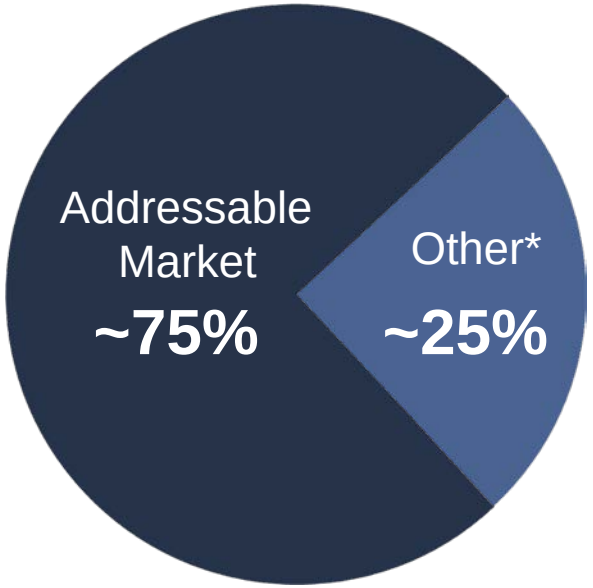
Masco Cabinetry is a Major Player in a Large, Fragmented $14.5B Market

MASCO

Masco Cabinetry is a Top 5 Player



Participating in 75% of the Market



*Masco Cabinetry does not actively participate in the commercial, non-residential, or non-wood cabinet segments.

Source: Freedonia Group 2016 Cabinet Industry Study, KCMA Trend of Business Survey, company estimates.

Agenda

MASCO

Transformation of the Segment

The Business Today

Future Outlook







Three Key Growth Strategies

MASCO

1 Accelerate repair & remodel growth

2 Selectively grow within new construction

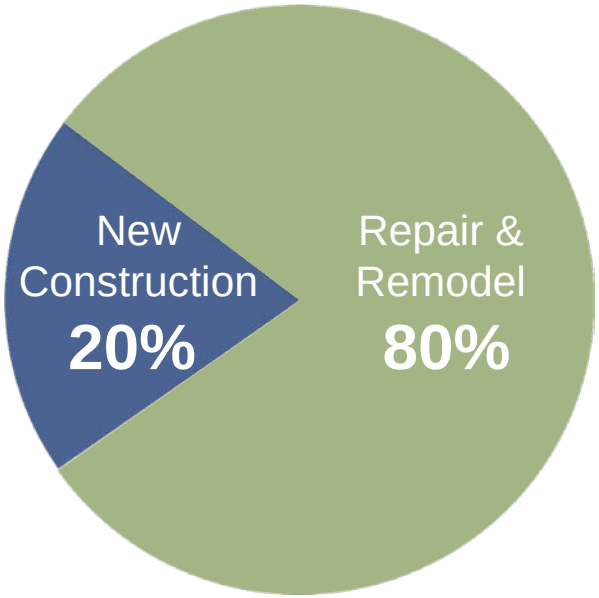
3 Continue focus on margin expansion



Targeting the Repair & Remodel Segment

MASCO

R&R –The Largest Segment of Cabinet Market



An Attractive Segment for Masco

- ~65% of Masco Cabinetry sales – room to grow
- Stronger margins
- Less cyclicality
- Ability to differentiate

Source: Freedonia Group 2016 Cabinet Industry Study, company estimates.

Utilizing Unique Tailored Solutions to Drive Growth

MASCO



- Targeted programs
- Promotional partnerships
- Exclusive products/product lines
- Analytical support
- Design services

Strong alignment with customers

Simplifying the Selling Process

MASCO

The KraftMaid® Design Studio

- Unique to industry
- Simplifies the selection and sales process
- Dealer channel specific

Customer / Consumer Support

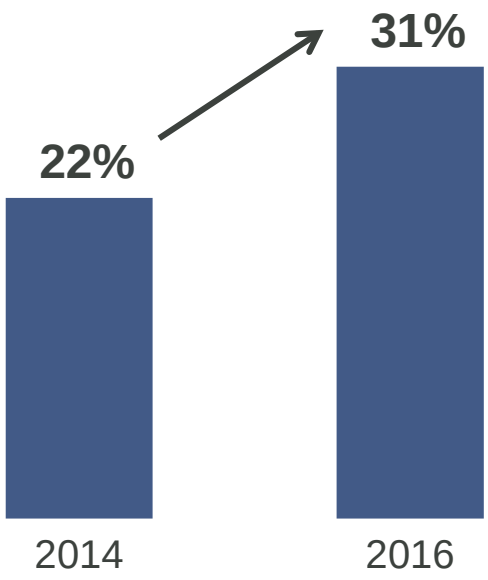
- High touch service at critical points
- Design assistance and training



Providing Meaningful Product Innovation

MASCO

Improved Vitality Index*



Strengthened Competitive Position

- Improved speed to market
- Consistent, on-trend product launches
- Delivering value-added differentiation
- Repositioning Merillat® Classic to meet the needs of the R&R segment









*Based on company estimates.

Key Execution Initiatives

MASCO

Align to customer strategies

+

Simplify the selling process

+

Provide meaningful product innovation

Estimated Sales Opportunity:

~$125M-$175M over the next three years

Three Key Growth Strategies

MASCO

1 Accelerate repair & remodel growth

2 Selectively grow within new construction

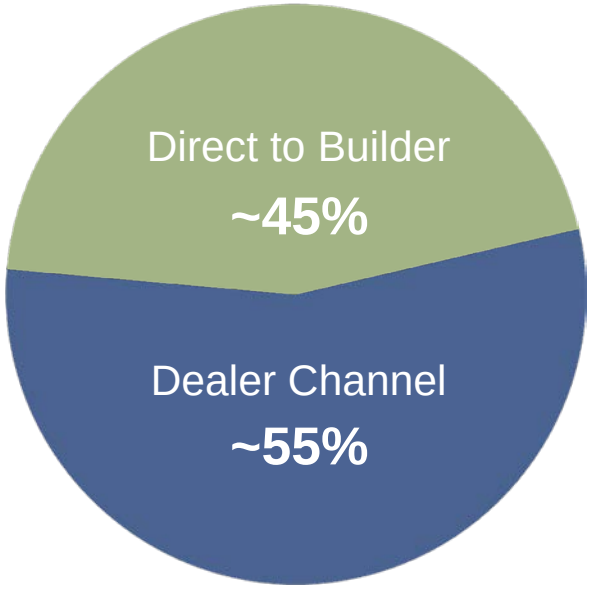
3 Continue focus on margin expansion



New Construction Remains an Important Segment for Masco Cabinetry

MASCO

Masco New Construction Sales by Channel



Masco Well Positioned

- New construction is 35% of Masco Cabinetry sales
- Important element of dealer channel value proposition
- Significant improvement in financial performance
- Well positioned for sustained profitability and selective growth

Enhancing Product Value Proposition to Better Meet the Needs of the New Construction Segment

MASCO

Key Enhancements

- Simplified product offering
- On-trend product availability
- Express option availability with 48-hour replacement parts

Merillat.
We are America's Cabinetmaker.®
Express® Product Line

QC
QUALITY
CABINETS







Key Execution Initiatives

MASCO

Enhance product value proposition

+

Leverage optimized supply chain for growth

+

Leverage variable builder direct service solution

Estimated Sales Opportunity:

~$20M-$40M over the next three years

Three Key Growth Strategies

MASCO

1 Accelerate repair & remodel growth

2 Selectively grow within new construction

3 Continue focus on margin expansion



Continued Margin Expansion

MASCO

Key Drivers

- Margin expansion will be fueled by both profitable growth and cost improvement initiatives
  - Focused on leveraging cost structure to pursue profitable growth
  - Leverage Masco Operating System to drive continuous improvement culture
  - Network / structural integration through supply chain integration





Key Execution Initiatives

MASCO

Leverage improved cost structure

+

Drive continuous improvement culture

+

Optimize supply chain structure

2019
OI Target:
13% to 15%

Cabinetry Segment 3 Year Outlook

MASCO



Cabinetry segment is expected to generate 13-15% operating margins in 2019 with sales growing at 5-7% CAGR during the next 3 years

Masco Cabinetry – Entering a New Era of Profitable Growth

MASCO

- **Successful transformation to profitability**

- **Leading brands, product platforms and supply chain structure**

- **Strong growth in R&R, margin expanding**

2019 Targets:

Sales growing: 5-7% **Margins: 13-15%**