

Plumbing Products

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Safe Harbor Statement

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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

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The Business Today

Growth Plan

Future Outlook



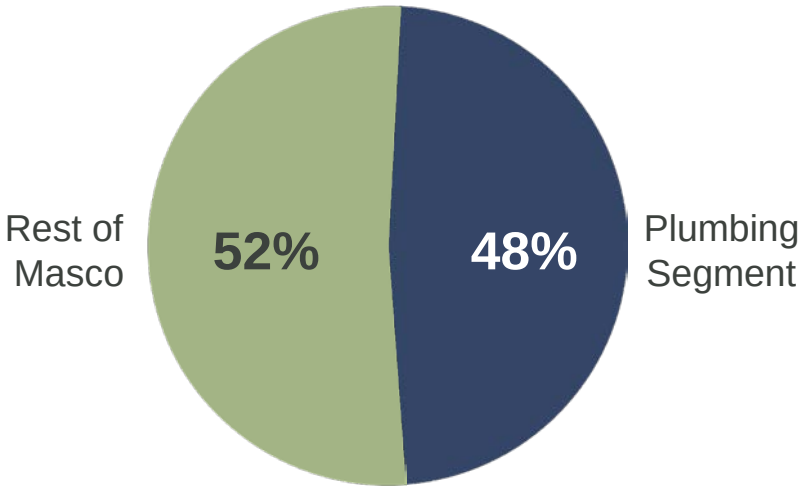




Plumbing Products Segment Overview

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Masco Corp.
(Breakdown of 2016 Revenue)



	12/31/2016
Revenue	**$3.5B**
Margin as Adjusted*	**18.6%**
% of Masco Operating Profit, as adjusted*	**55%**
% Revenue outside N. America	**37%**
% Repair & Remodel Sales	**82%**
Currency Exposure	**USD / EUR / GBP / CAD / RMB**
Commodity Exposure	**Copper / Zinc / Resins**

* Operating profit, as adjusted excludes $13M of rationalization charges for Plumbing Products and $22M of rationalization charges for Masco and before general corp expense.

Strong Brands with Industry Leading Positions

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Broadest Product Range in the Industry

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Sanitary Wares / Kitchen Sinks

Bath Systems / Bath Accessories

Rough Plumbing

Faucets & Showers

Wellness Products











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Multiple Price Segments | **Broadest Product Range** | **Expansion Opportunities**

Masco #1 in Global Faucets & Showers with Significant Growth Opportunities

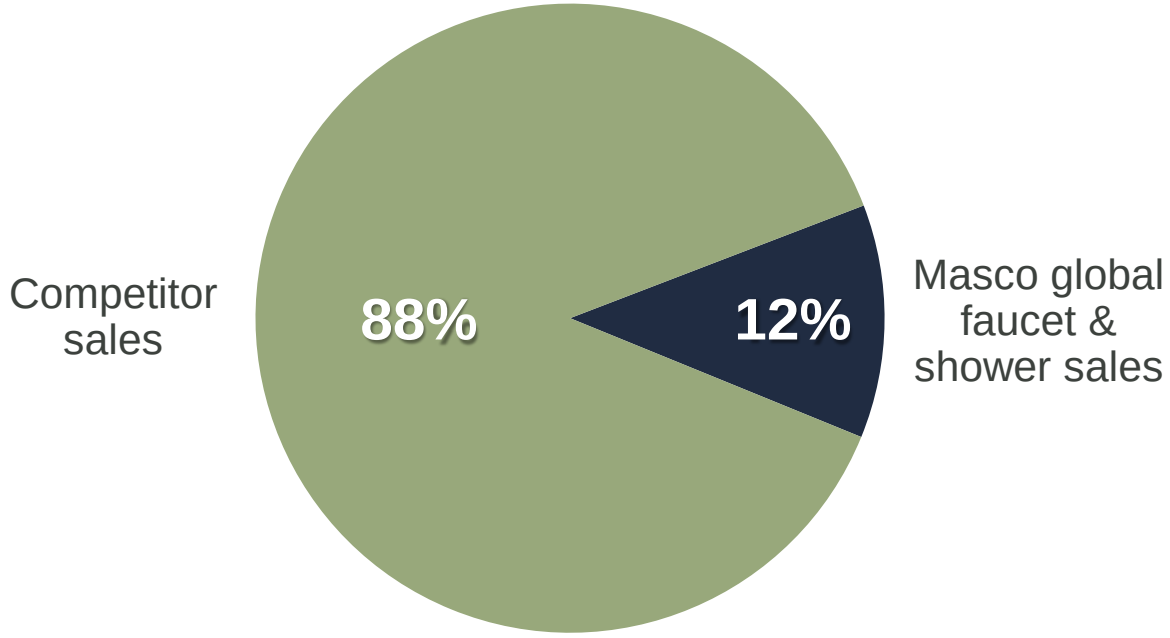
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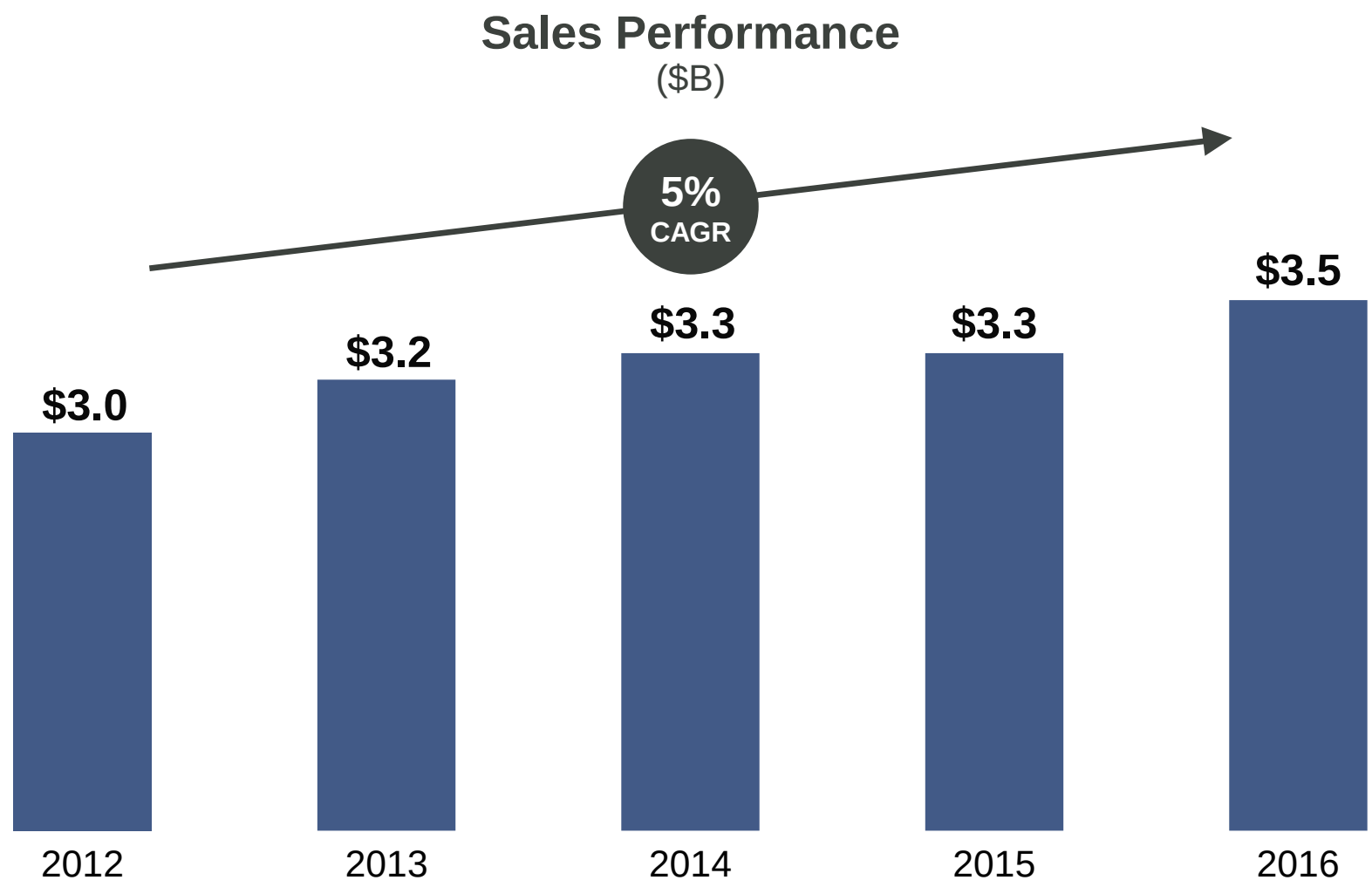
Global Faucet & Shower Industry
$23B



Source: Masco estimates, BRG, industry reports, expert interviews

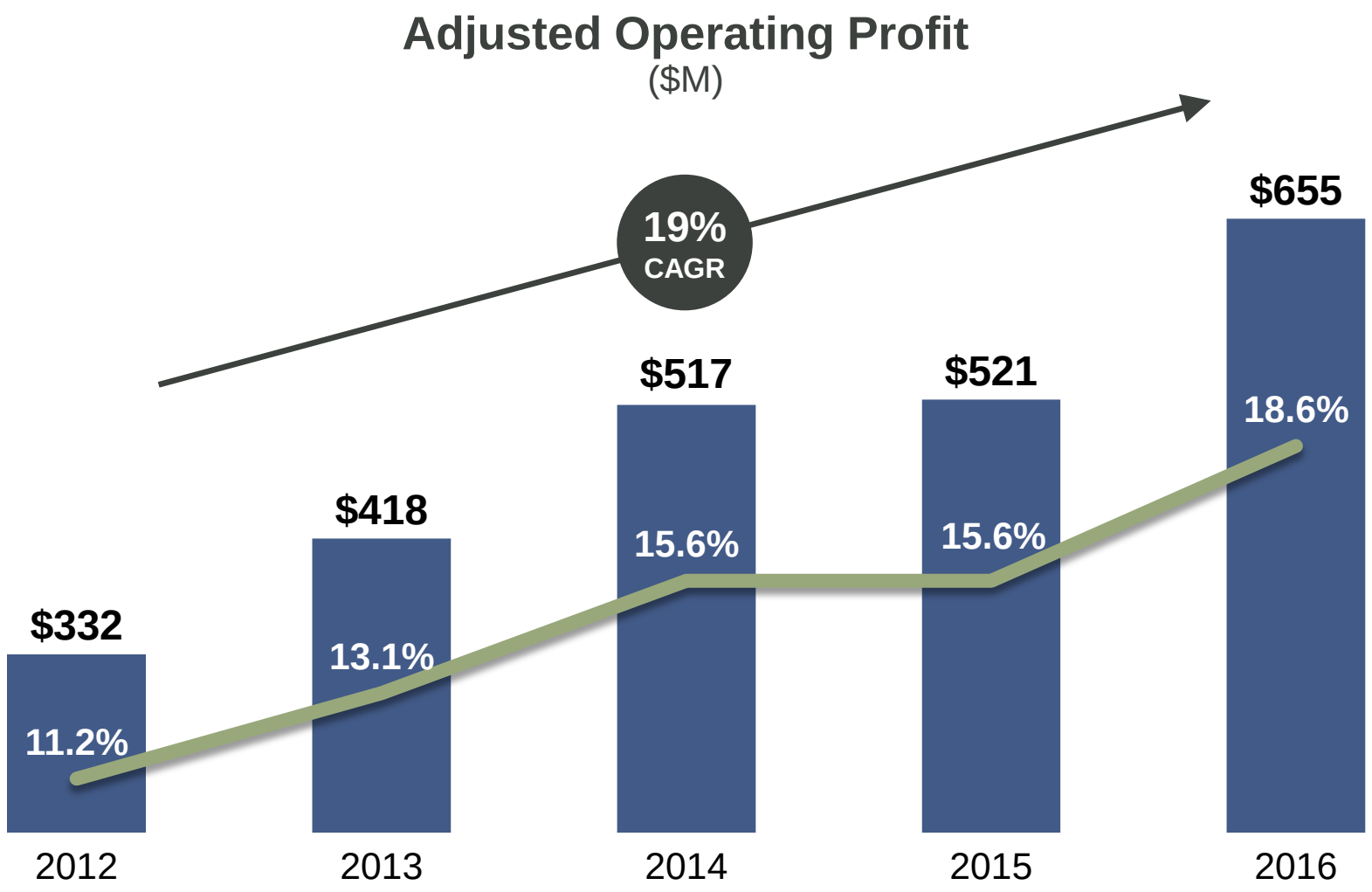
Diversified Portfolio Delivers Solid Sales Performance

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Leverage and Operational Excellence Drives Faster Growth in Operating Profit

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* Excludes business rationalization charges for $25M in 2012, $24M in 2013, $5M in 2014, $9M in 2015, and $13M in 2016.

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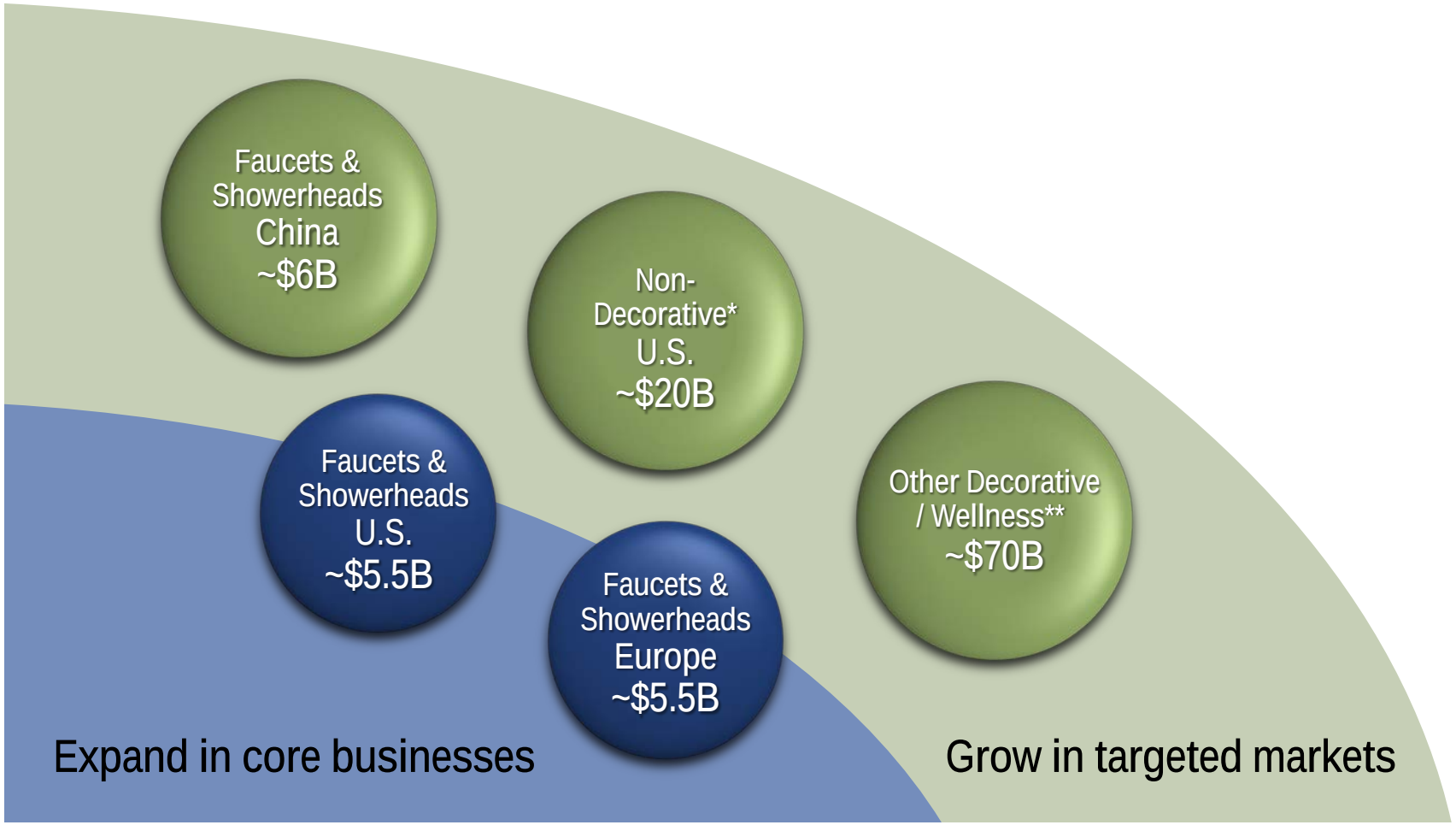




Growth Opportunities in Other Plumbing Categories and Geographies

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(Dollars = Market Size)



* Non-Decorative – rough plumbing, water filtration, etc.
** Other Decorative/Wellness – sinks, tubs, toilets, etc.
Source: Masco estimates, BRG, industry reports, expert interviews.

Three Key Growth Strategies

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1 Extend leadership position in North American plumbing

2 Grow in priority international markets

3 Pursue category expansion



Leverage Leadership in Brands, Innovation and Distribution to Drive Growth

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Brands

Delta Faucet Company share	#1
BrassCraft® - preferred rough plumbing brand	#1
Hot Spring® portable spa brand	#1

Innovation

Vitality Index	~30%
EPA WaterSense Partner of the Year	3 years

Distribution

Retail locations	~12,000
Trade locations	~7,000
Hot tub dealers	~1,000









Invest to Grow in Light Commercial

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The Opportunity

Multi-family and hospitality market size	**$450M**
Repair & remodel	**70%**
Multi-family	**70%**
Current share	**10%**
Share target	**20%**

Key Initiatives

- Capitalize on demographics
- Utilize our commercial infrastructure positions
- Engage dedicated team
- Gain national specifications
- Drive advocacy with designers and contractors





Drive Leadership Position in $600M* E-commerce Channel

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2015-2016

- Dedicated team
- New logistics and supply chain solutions
- Retail omni-channel strategy support



- Innovation capability building
- Leadership in shopper experience
- Enhanced productivity

On-going

* Company estimate for E-commerce faucet & shower market in 2019.

Key Execution Initiatives

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Leverage leadership in brands, innovation & distribution

+

Invest to grow in commercial segment

+

Drive leadership position in E-commerce

Estimated Sales Opportunity:

~$275M-$350M over the next three years

Three Key Growth Strategies

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1 Extend leadership position in North American plumbing

2 Grow in priority international markets

3 Pursue category expansion



Hansgrohe Focuses on Growth in Six Key Markets

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United Kingdom

Netherlands

Germany

France

Turkey

China

- Generated ~80% of revenue outside Germany in 2016
- Supplies products to more than 140 countries







Targeted Expansion Plans in Each Market

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Push E-commerce

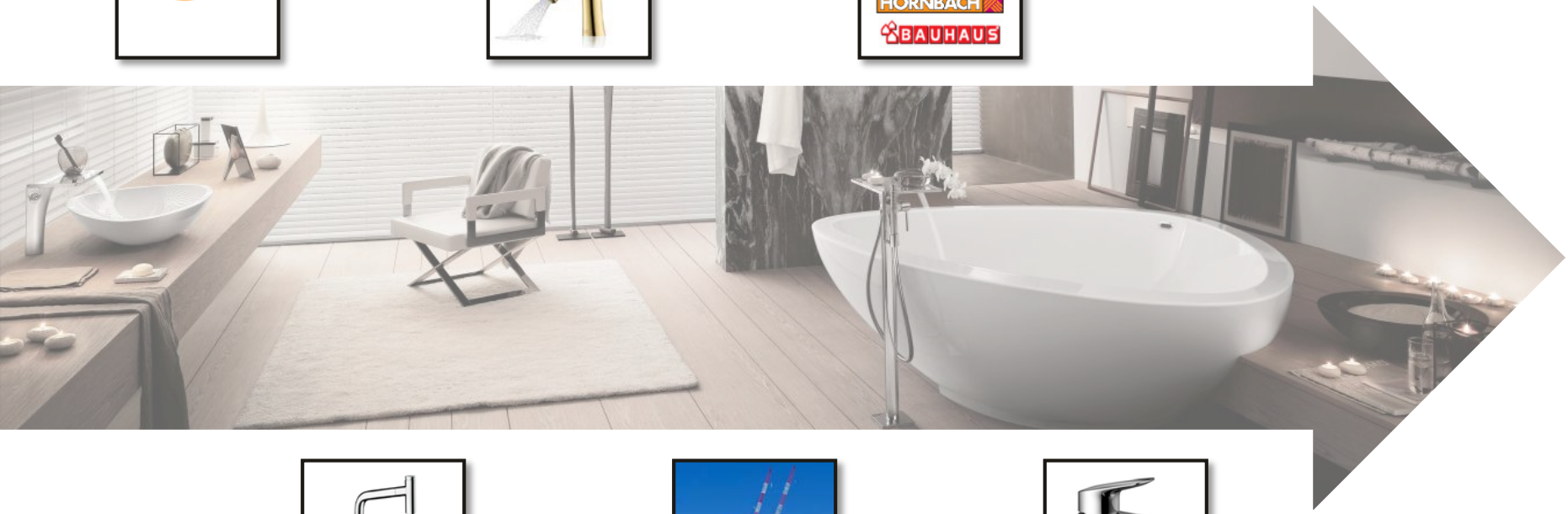


Grow luxury brand Axor



Attack DIY
(focus on top 5 retailers)







Expand kitchen footprint



Push global projects
(i.e. light commercial)



New price segments in emerging markets

Enable Growth in Expanded Price Points Through Improved Efficiency

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Value Engineering



- Expand value engineering pipeline

+

Operations Excellence



- Operations optimization

=

Enablers to Growth

- Improve cycle time
- Improve E-commerce delivery
- Reduce COGS to pursue new price segments
- Gain market share and growth above market rates

Key Execution Initiatives

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Hansgrohe focuses on 6 key markets outside of U.S.

+

Under penetrated segments selected by geography

+

Improve efficiency & expand margins

+

Pursue inorganic growth

Estimated Sales Opportunity:

~$175M-$225M over the next three years

Three Key Growth Strategies

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1 Extend leadership position in North American plumbing

2 Grow in priority international markets

3 Pursue category expansion



Hansgrohe Expands into Kitchen Sinks in China

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- Offer bundle option with kitchen faucets & granite sinks
- Distribution setup with kitchen partners & point of sale displays
- Achieved three times our forecast in first year
- Launch proprietary designs in 2017

hansgrohe









Expand Non-Decorative Plumbing Offering

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Market

U.S. non-decorative plumbing* market size	**$11B**
Current share	**$0.5B**

Initiatives

1. Create uniquely differentiated product offerings
2. Operate at multiple price levels
3. Service customer-specific needs





Example of Execution

Implementing a multi-tiered product strategy

Good: Private Label → **Better:** PLUMBSHOP® → **Best:** BrassCraft®

*Includes water, gas, fittings & pipe and maintenance & install segments.

Watkins Expands into Wellness Platform Leveraging Strong Distribution Network

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Launched Swimming Machines

14%
Sales CAGR
2011-2016



Acquired AHS

2011

2015

2016

CalderaSpas

HotSpring
Every day made better



Acquired Endless Pools

Key Execution Initiatives

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Hansgrohe kitchen sinks in China

+

Expand non-decorative plumbing offering

+

Continue to expand Wellness platform

+

Pursue inorganic growth

Estimated Sales Opportunity:

~$50-$70M over the next three years

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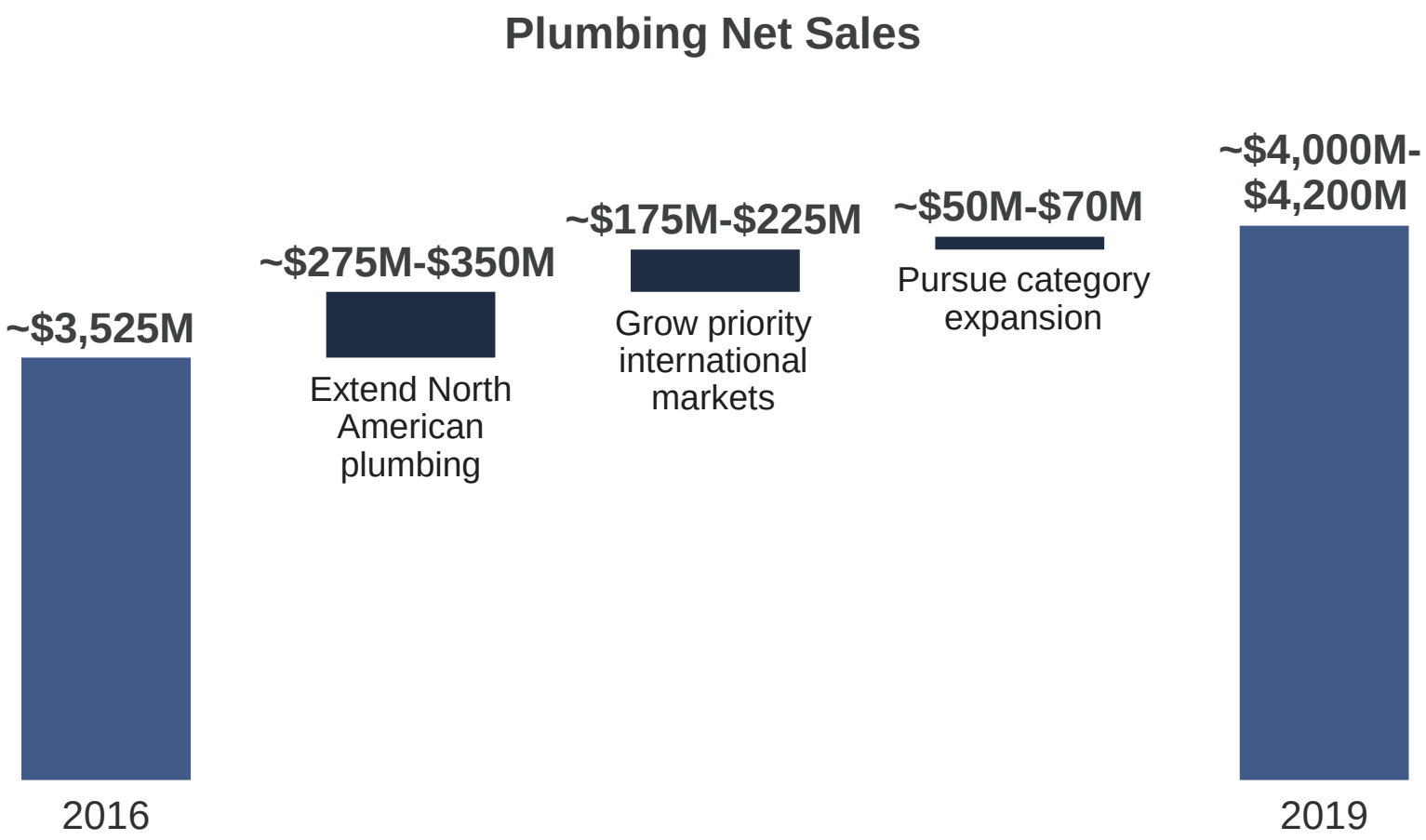






Plumbing Segment 3 Year Outlook

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Plumbing segment is expected to generate 18-19.5% operating margins in 2019 with sales growing at 4-6% CAGR during the next 3 years

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**

- **Portfolio has broad product depth and leadership positions in the industries served**

- **Plumbing segment has identified clear strategies for growth**

2019 Targets

Sales growing: 4-6% Margins: 18-19.5%