

Financial Review

John Sznewajs, Chief Financial Officer

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

Demographic & Macroeconomic Forces

Future Outlook

Capital Allocation











Leveraging Revenues, Driving Faster Earnings Growth

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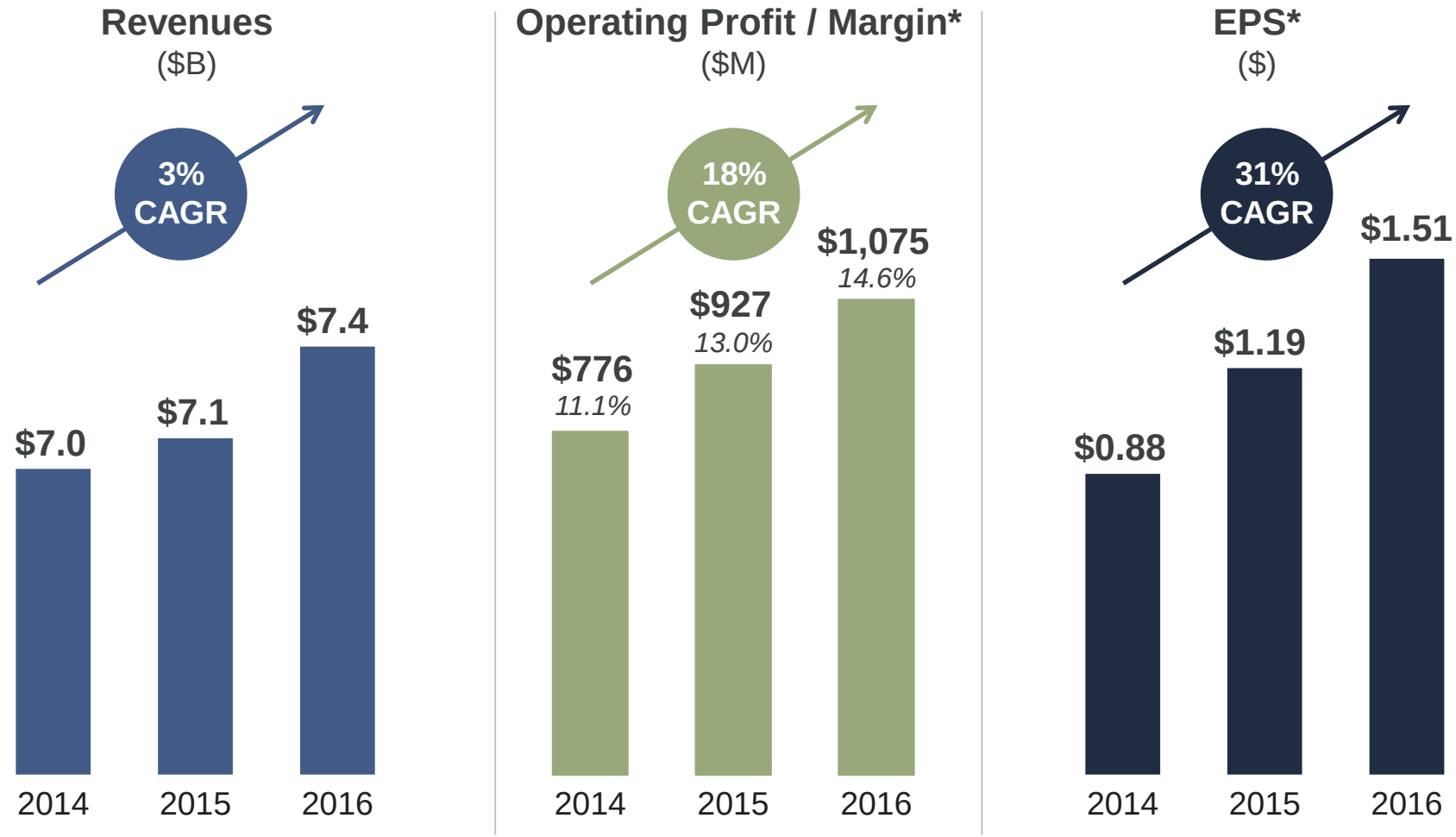

* See appendix for GAAP reconciliation. EPS as reported was $2.28 in 2014, $1.03 in 2015 and $1.47 in 2016.

A Global Business, Focused on More Stable Repair and Remodeling Market

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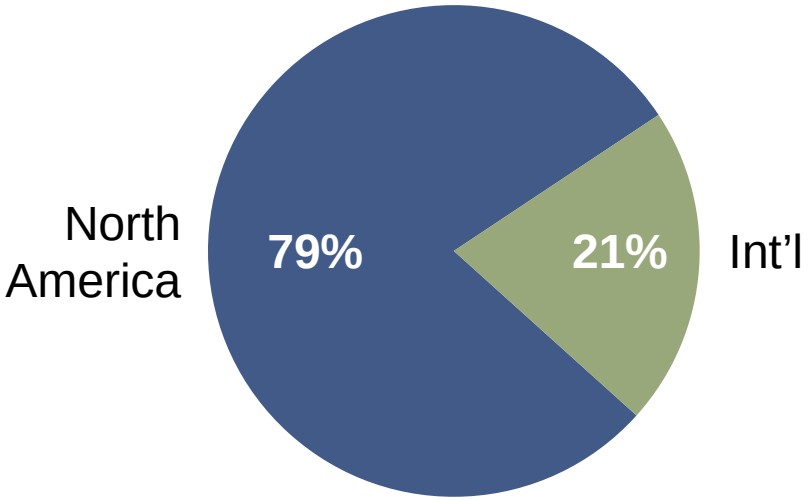
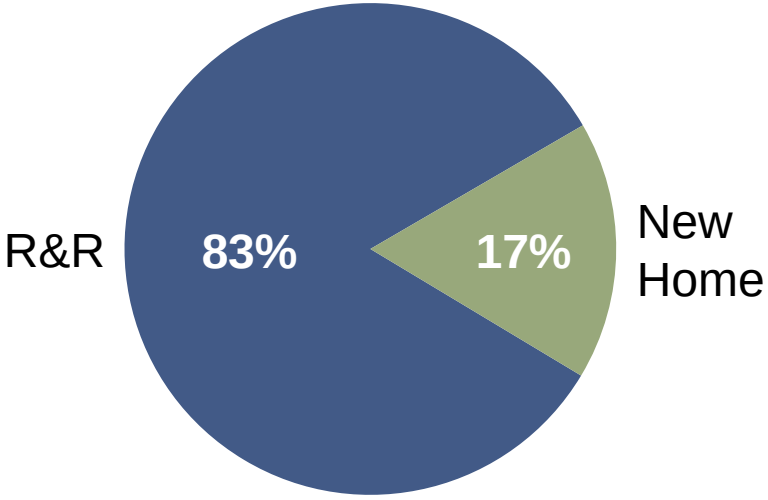
Revenue Breakdown[1]

North America vs. International



Repair & Remodel vs. New Home Construction



1. Based on 2016 revenue and company estimates.

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Powerful Forces Provide Strong Tailwinds

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1 Growth in household formations

2 Aging housing stock

3 Increasing new home construction







It’s True: Millennials are Still Living in the Basement!

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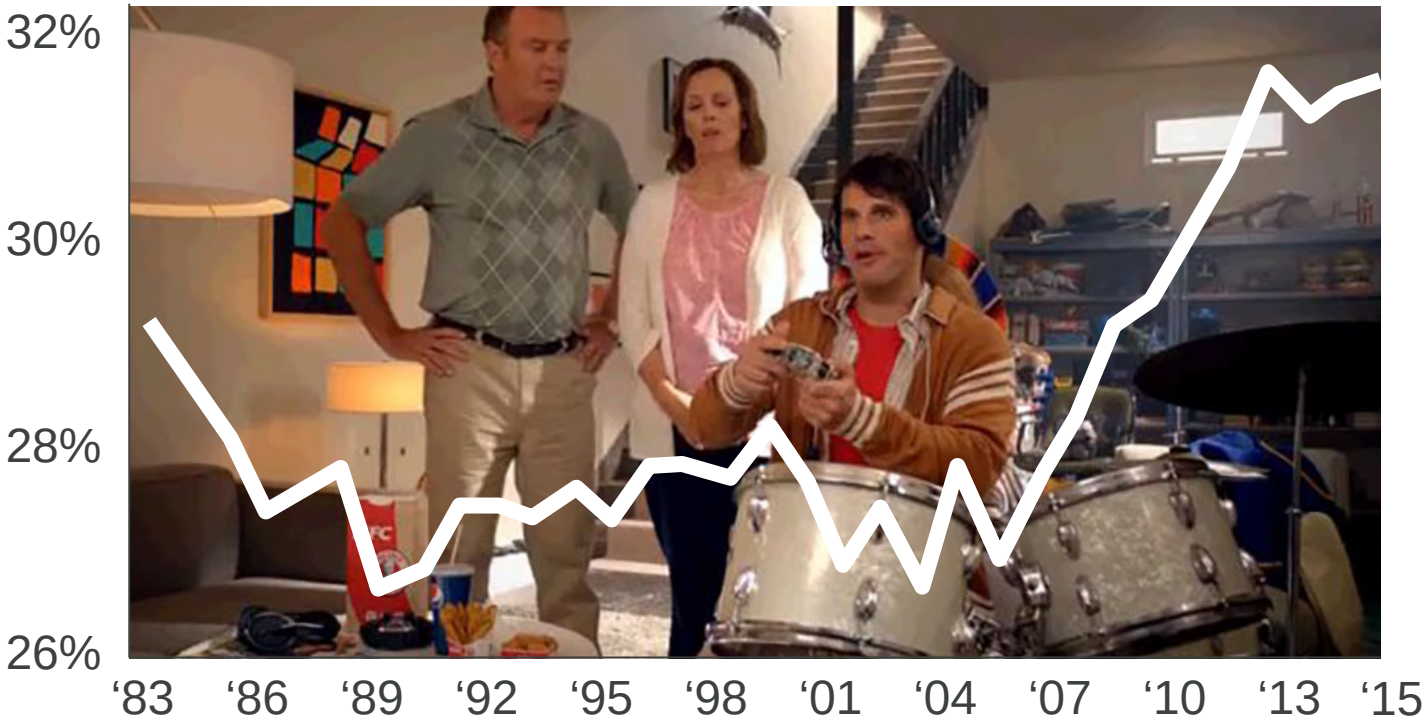
% of all 18-34 Year Olds Living with their Parents



Substantial pent-up demand for housing:
Almost one third of 18-34 year olds living with their parents

Source: US Census Bureau

Household Formations Set to Accelerate

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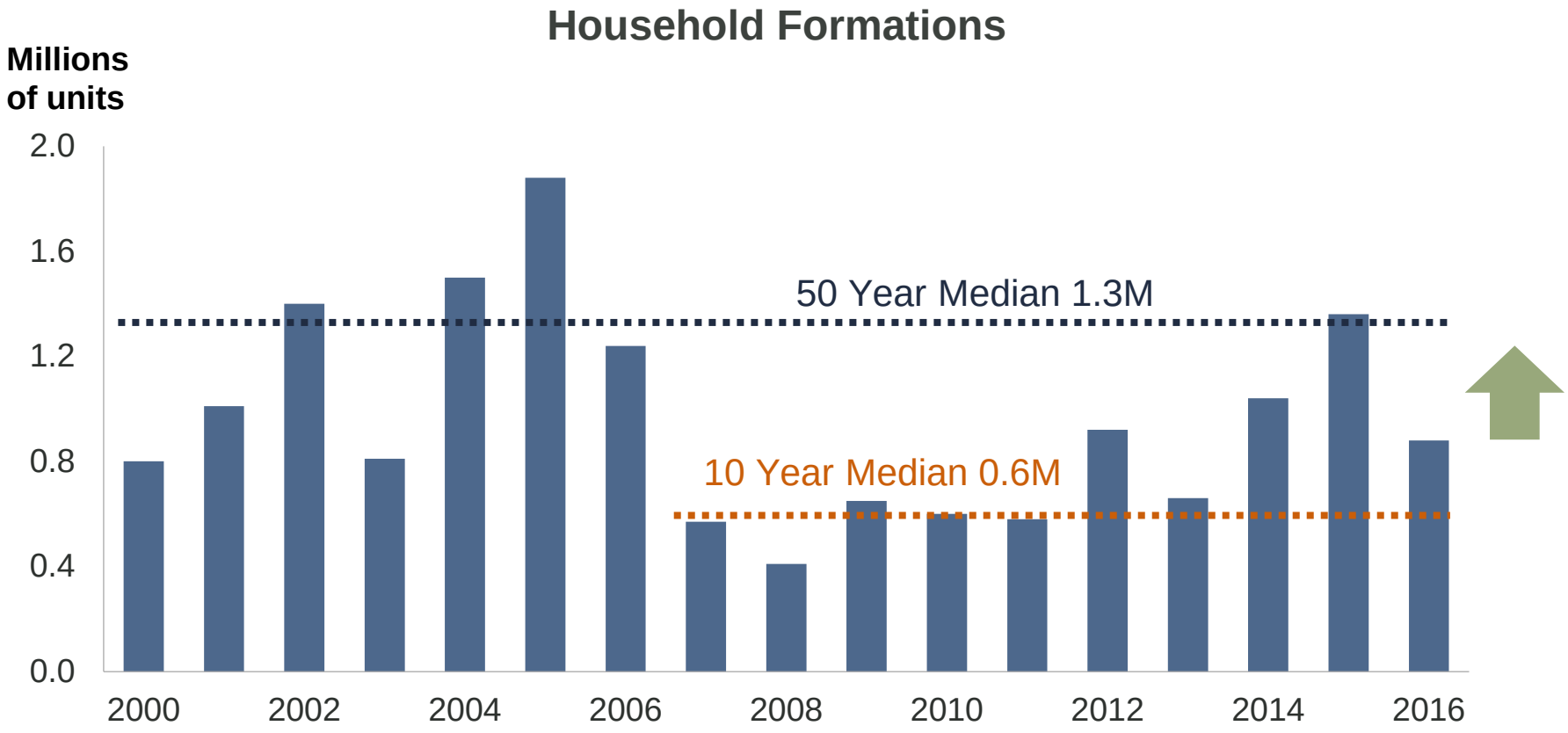

12.5M new households expected 2017-2025, an average of 1.5M per year

Source: US Census Bureau, John Burns Real Estate Consulting, and Harvard Joint Center for Housing Studies.

More Investment in Aging Housing Stock

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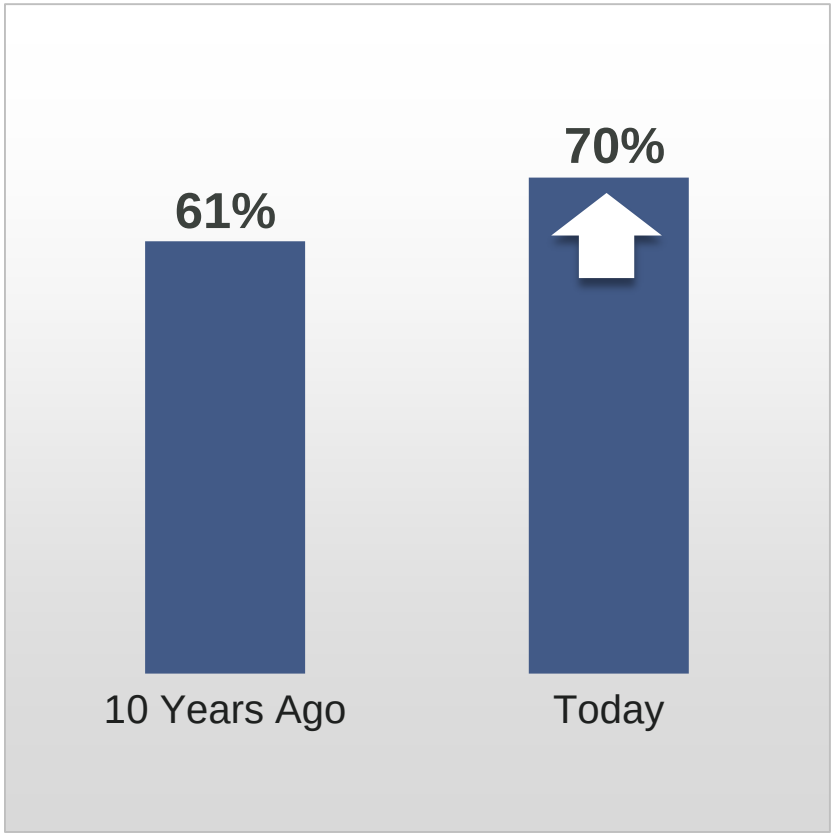
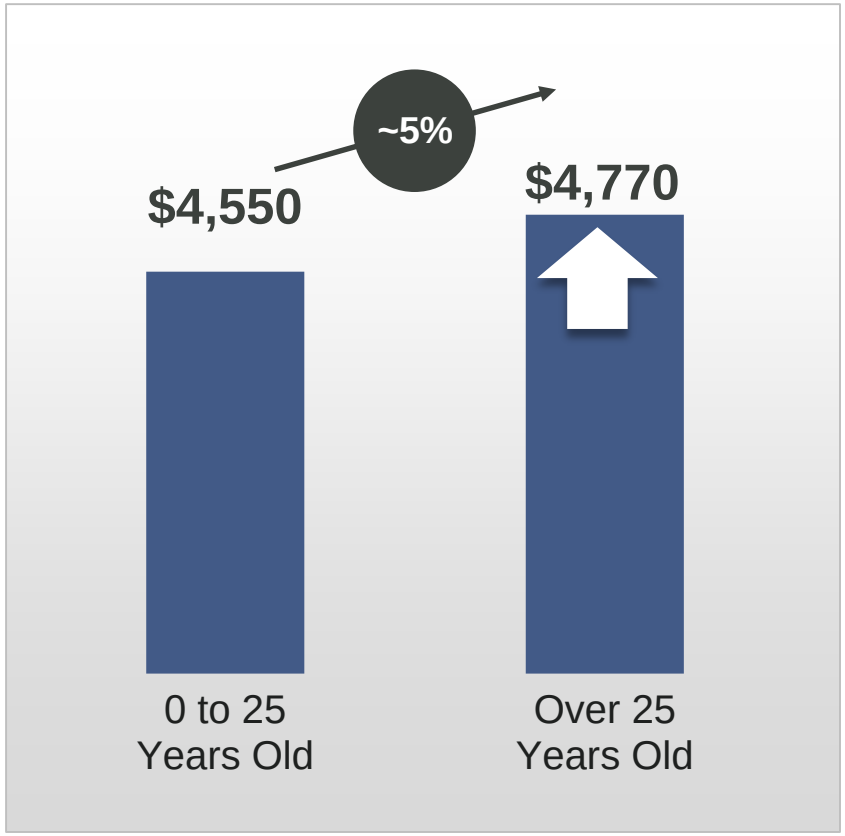
More Older Homes …
(19 million more homes over 25 years old)



… and Higher Average Cost per Project



Source: US Census Bureau 2015 American Housing Survey, Harvard JCHS 2015 Survey, and John Burns Real Estate Consulting.

Housing Turnover – A Key Driver of R&R Investment

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Source: S&P and National Association of Realtors.

Housing Starts Trending Up, but Still Below Historical Median

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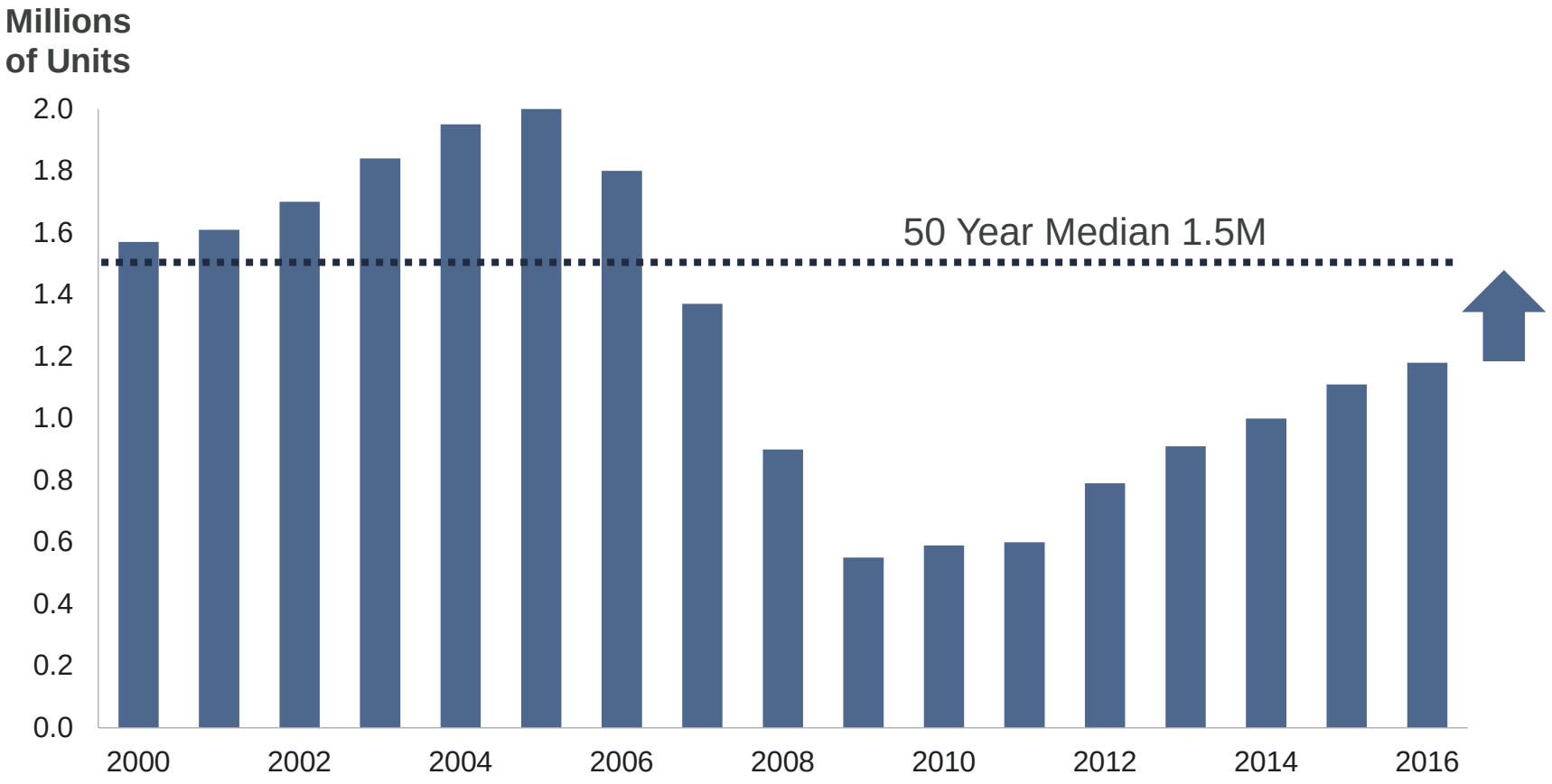

Source: US Census Bureau.

US Investment in Housing Clearly Still Lags Historic Levels

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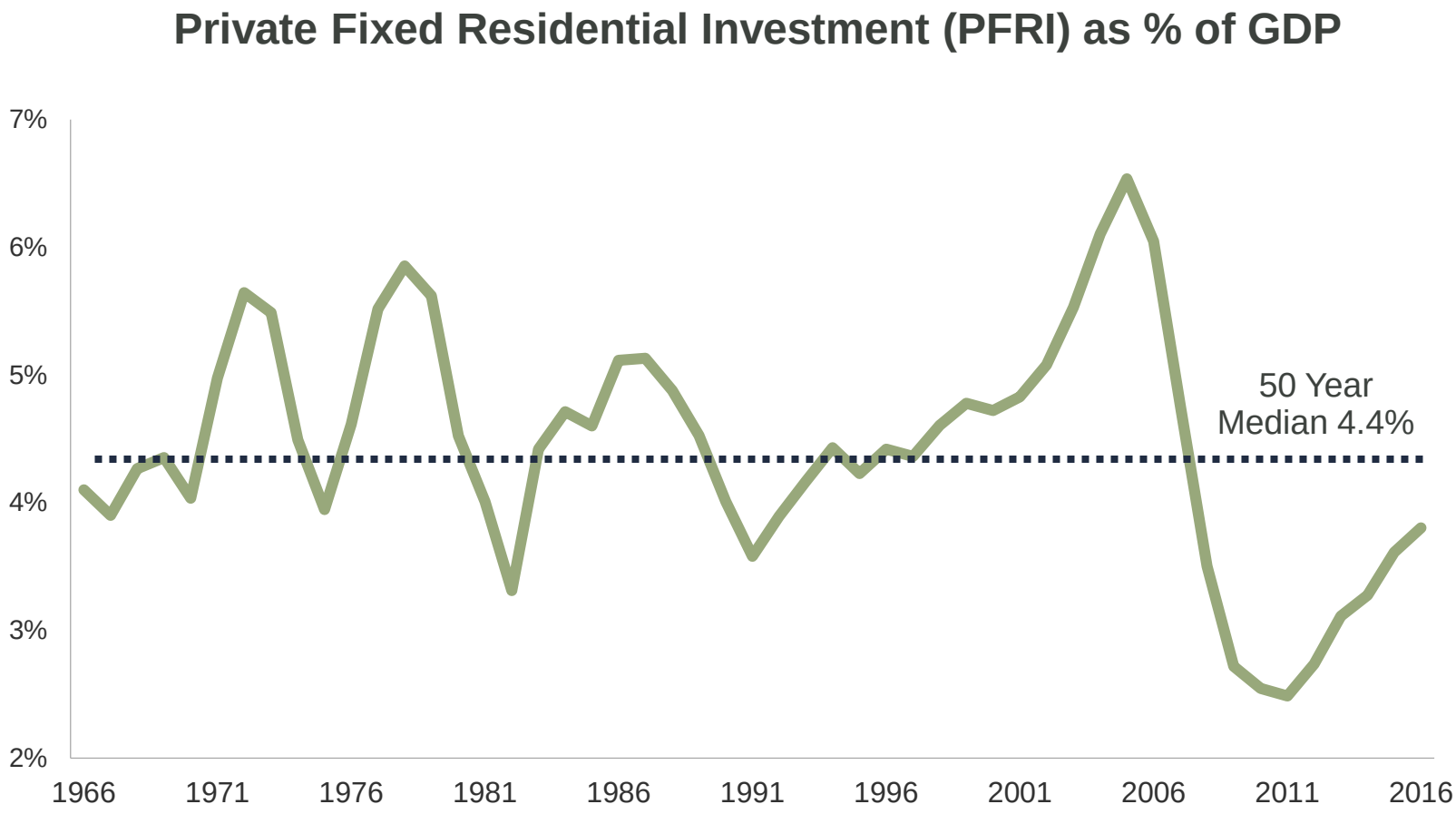

Source: Federal Reserve Bank of St. Louis – FRED Economic Data.

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Positioned for Solid Revenue Growth

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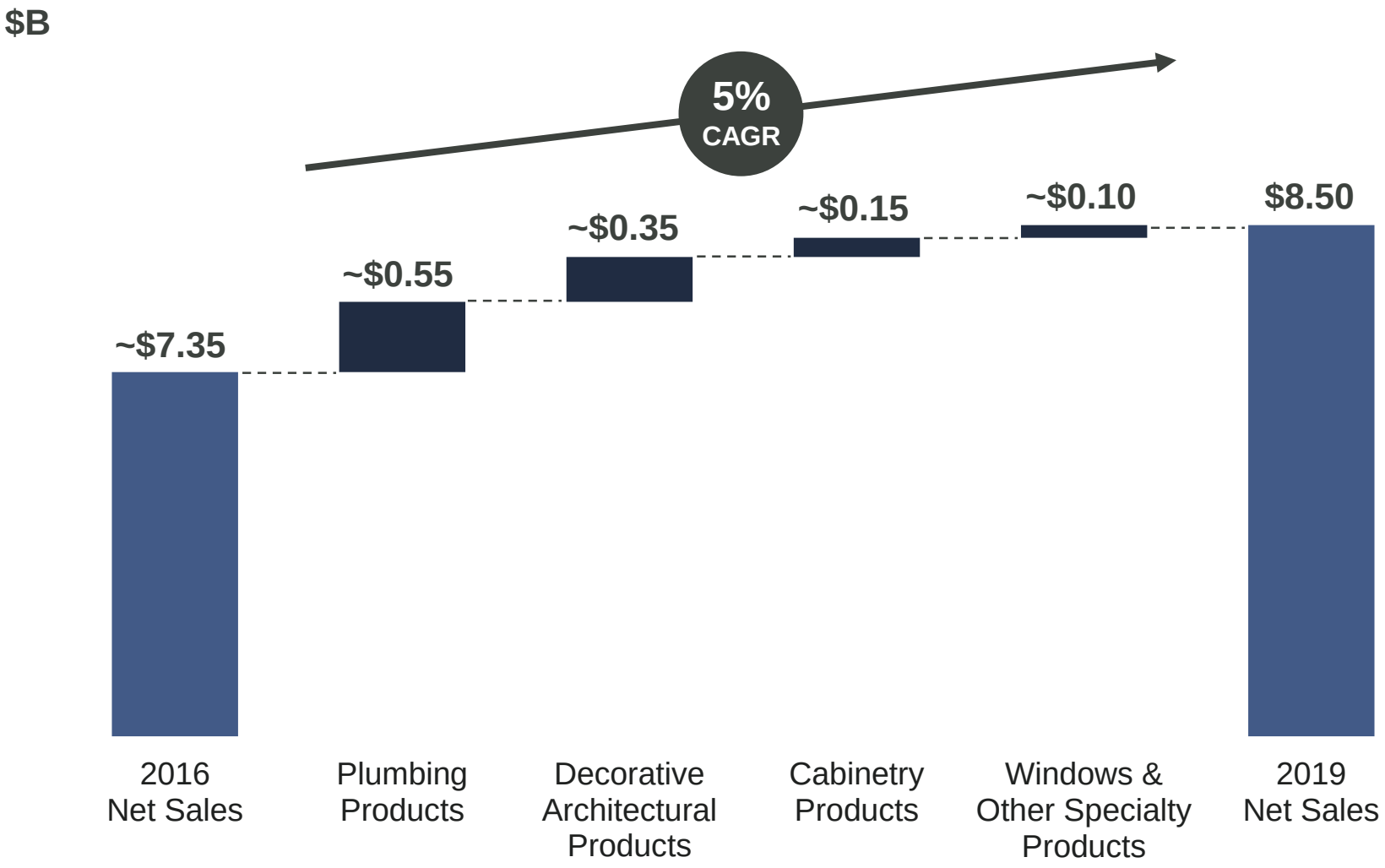

Note: Segment numbers assume approximate midpoint of ranges provided.

Faster Growth in Operating Profit Driven by Operating Leverage

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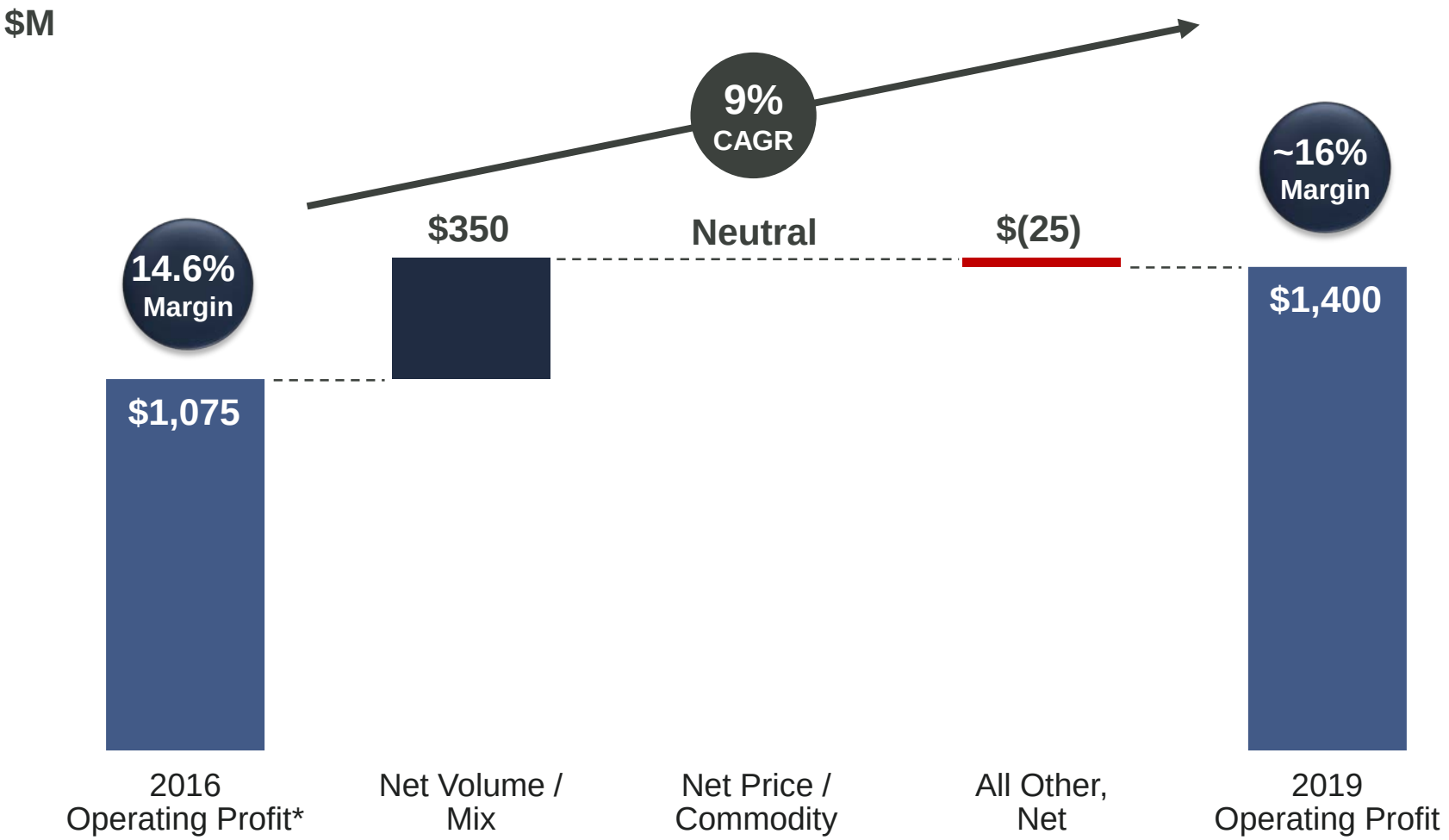

Note: Segment numbers assume approximate midpoint of ranges provided.

* See appendix for GAAP reconciliation.

Profitable Growth Leads to EPS Outperformance

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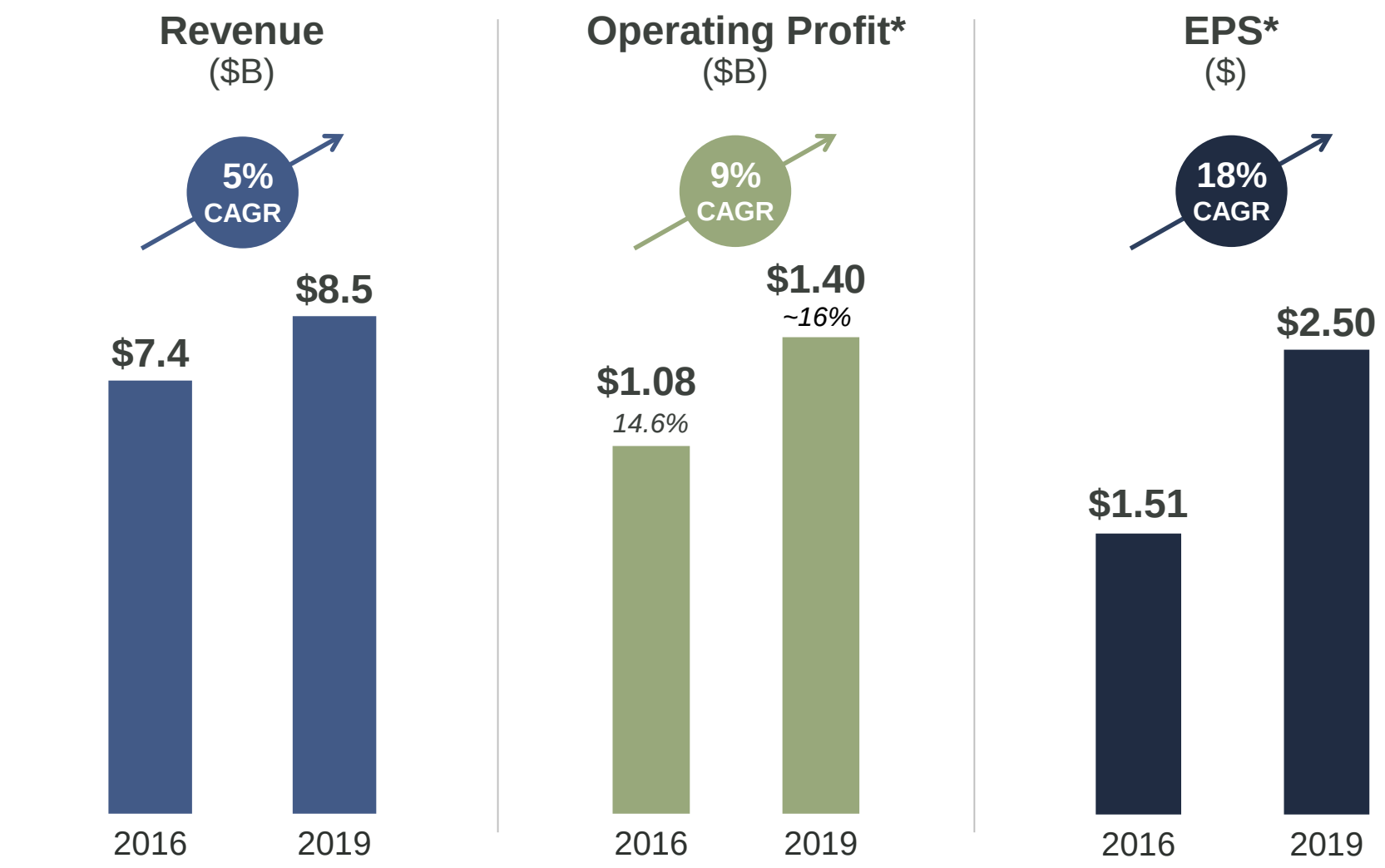

* See appendix for GAAP reconciliation. EPS as reported was $1.47 in 2016.

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Attractive Financial Model Generates Strong Cash Flow

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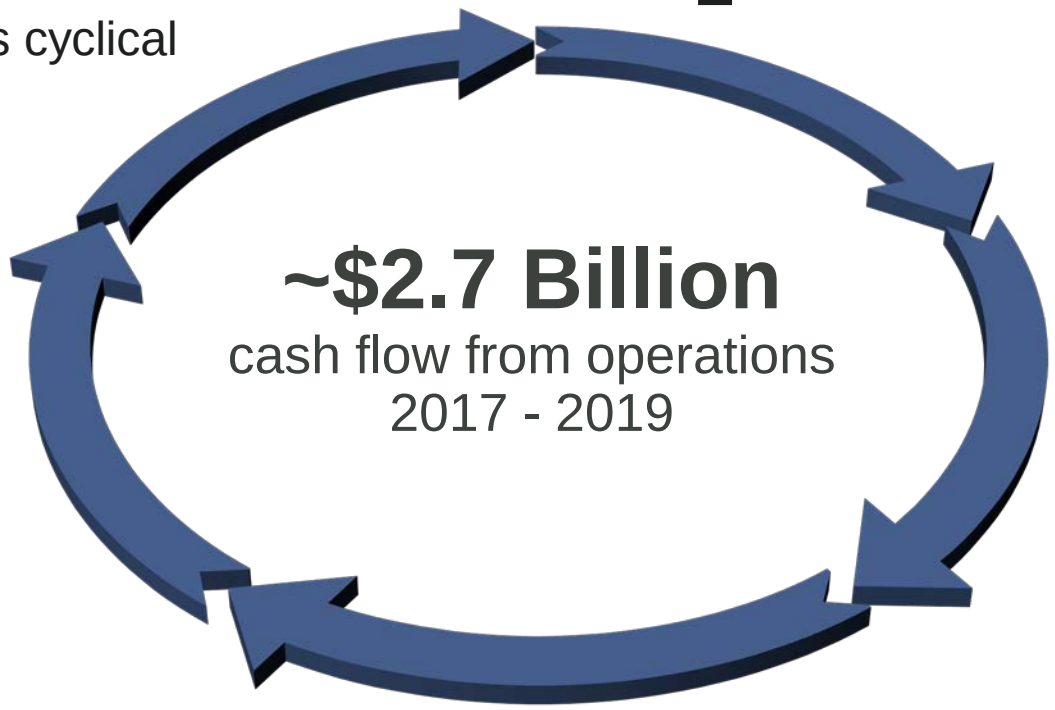
1 Diversified revenues – less cyclical

2 Lowered breakeven

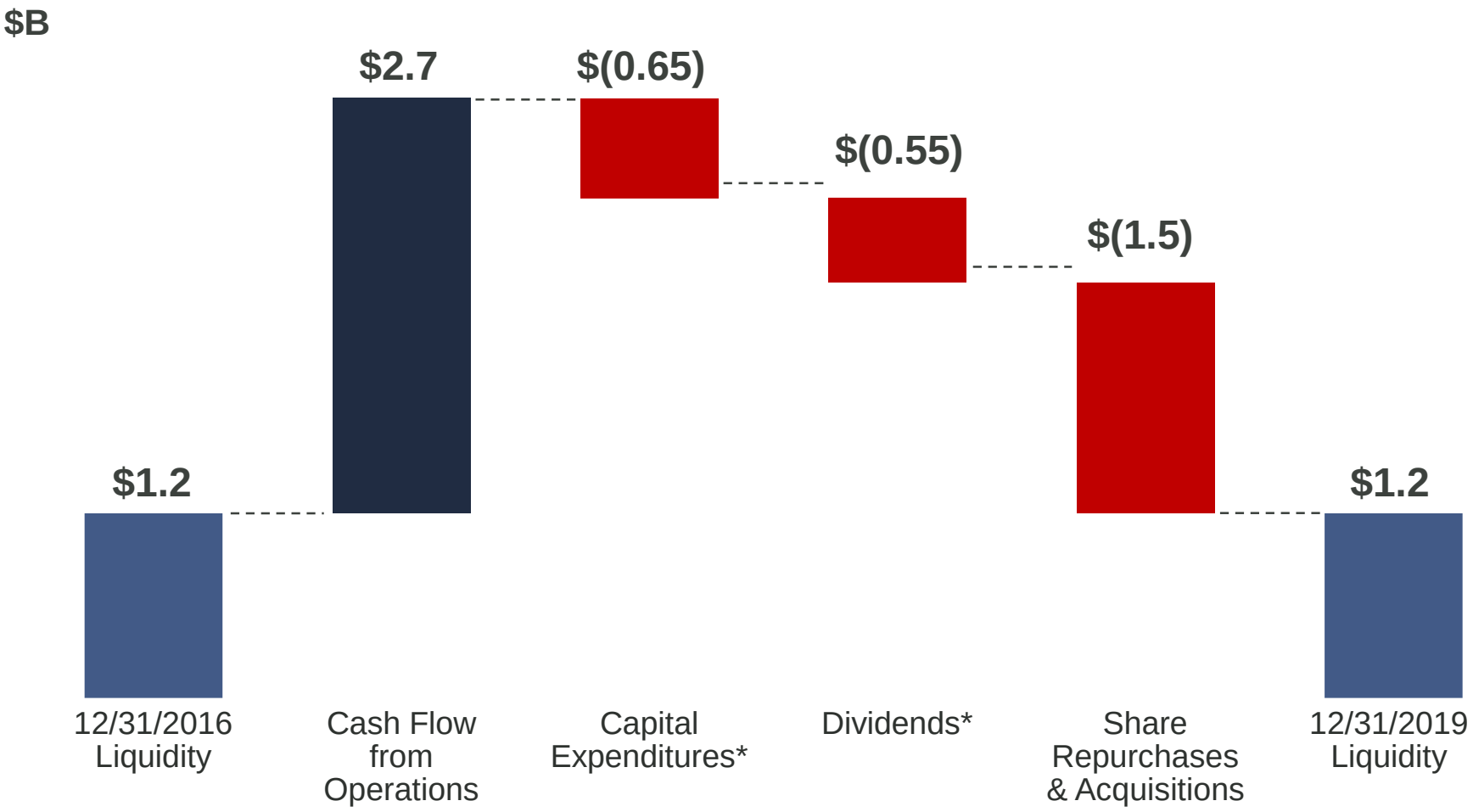


3 Focused on continued margin expansion

4 Low capex and working capital needs

5 Disciplined capital allocation

Powerful Cash Engine Continues to Fund Growth and Returns to Shareholders



Note: Masco Board of Directors approved a new $1.5 billion share repurchase authorization effective on May 15, 2017, and cancelled the existing share repurchase authorization.

*Capital expenditures includes capex and displays; dividends includes dividend to non-controlling interest.

Strong Balance Sheet Provides Ample Flexibility

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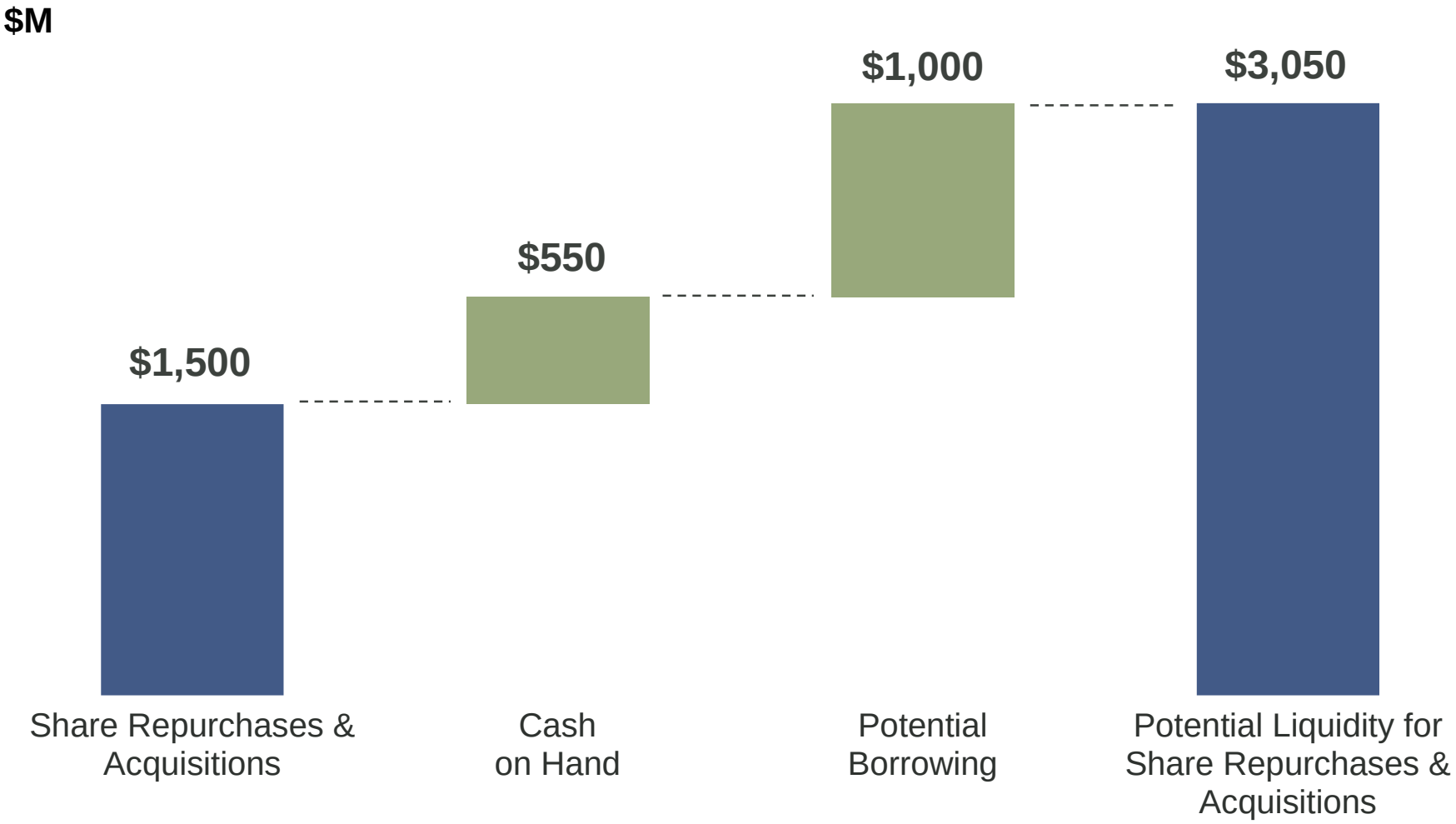

Maintain 2.5x or Lower Debt to EBITDA

ROIC Above our Cost of Capital Delivers Value Creation

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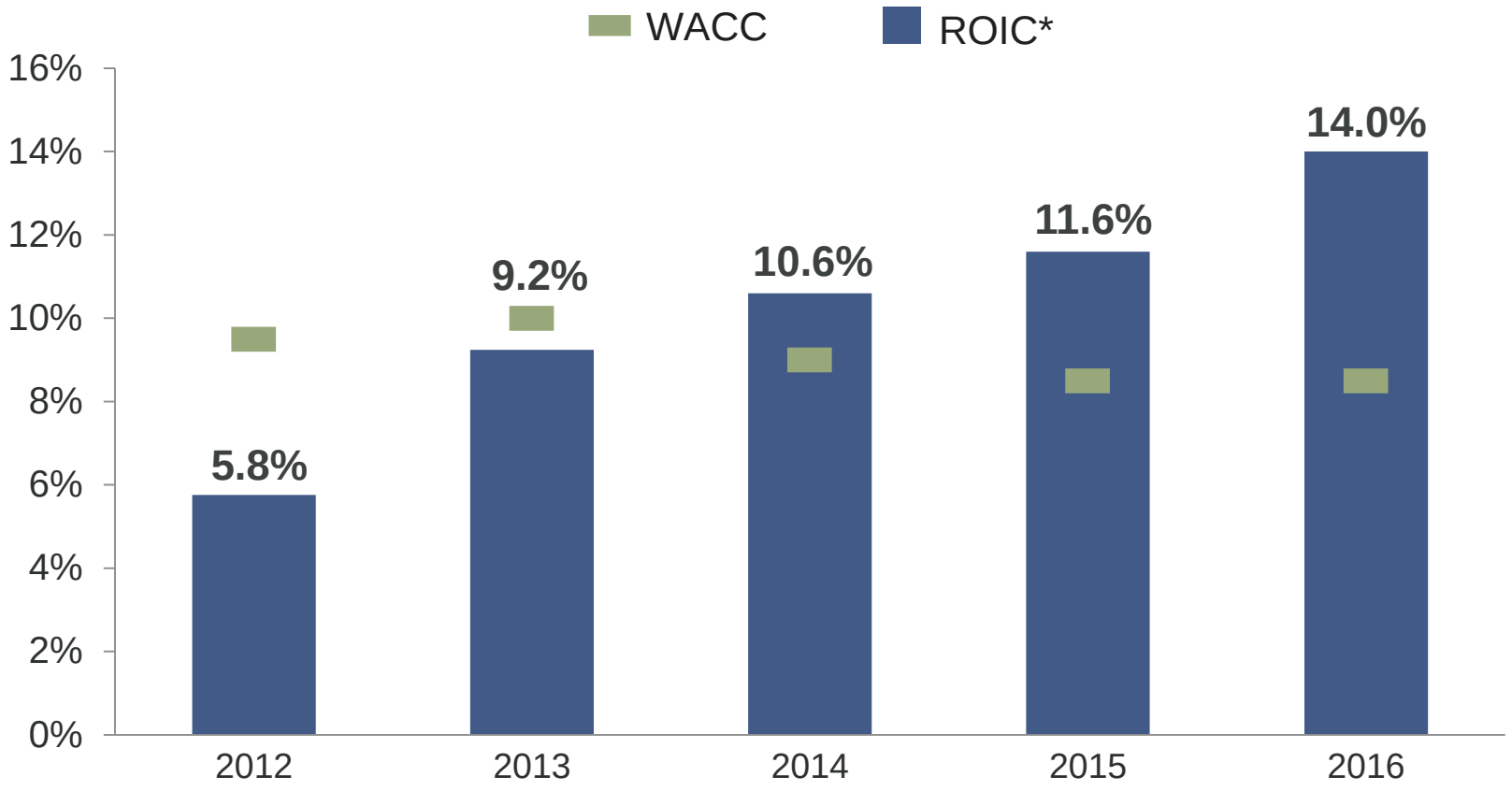

ROIC exceeded WACC by 550 bps in 2016

* ROIC as reported was 6.0% in 2012, 16.3% in 2013, 18.8% in 2014, 26.1% in 2015, and 40.1% in 2016.

Proven Business Model. Long Growth Runway.

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- **Proven record repositioning and strengthening the business**

- **Leveraging attractive, high cash generating business model**

- **Multiple growth drivers, favorable industry fundamentals**

2019 Targets:

EPS: $2.50 EPS CAGR: ~18%