


Masco Corporation Investor Day

DAVID CHAIKA
VICE PRESIDENT, TREASURER AND INVESTOR RELATIONS

Agenda

MASCO

Event	Time (ET)	Speakers
Investor Relations Welcome	8:30 a.m.	David Chaika
Opening Remarks	8:35	Keith Allman
Plumbing Products Segment	8:55	Richard O'Reagan
Q&A	9:20	Keith Allman, Richard O'Reagan
Break	9:40	
Decorative Architectural Products Segment	10:00	Jai Shah
Q&A	10:30	Keith Allman, Jai Shah, Jeff Filley
Financial Overview	10:50	John Sznewajs
Closing Remarks	11:10	Keith Allman
Q&A	11:20	Keith Allman, John Sznewajs
Lunch	11:45	

Safe Harbor Statement

MASCO

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Our future performance may be affected by the levels of residential repair and remodel activity and new home construction, our ability to maintain our strong brands and reputation and to develop new products, our ability to maintain our competitive position in our industries, our reliance on key customers, the cost and availability of raw materials and increasing tariffs, our dependence on third-party suppliers, risks associated with international operations and global strategies, our ability to achieve the anticipated benefits of our strategic initiatives, including the potential divestitures of our Cabinetry and Windows businesses, our ability to successfully execute our acquisition strategy and integrate businesses that we have and may acquire, our ability to attract, develop and retain talented personnel, risks associated with our reliance on information systems and technology, and our ability to achieve the anticipated benefits from our investments in new technology. 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. Any forward-looking statement made by us speaks only as of the date on which it was made. 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.


Masco Corporation Investor Day

KEITH ALLMAN

PRESIDENT AND CHIEF EXECUTIVE OFFICER

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Agenda

MASCO

Performance Since 2017

Masco's Next Chapter

Strategy for Profitable Growth

Clear Strategic Focus

Executing on strategy presented at our 2017 Investor Day

MASCO

1

Drive full potential of our core businesses

- Grew Plumbing segment above market
- Continued to gain share in PRO paint market
- Introduced new products and programs across segments

2

Leverage opportunities across our portfolio

- Talent movement
- Brand leverage
- Masco Operating System

3

Actively manage portfolio

- Divestitures of UK Cabinetry and Arrow Fastener
- Kichler Lighting and Mercury Plastics acquisitions
- Pursuing divestitures of Cabinetry and Windows businesses; completed sale of UK Window Group on September 6, 2019

Financial Performance

Delivering strong EPS growth over past three years

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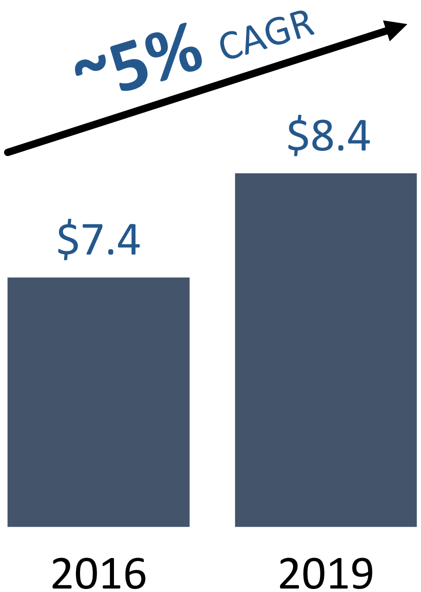
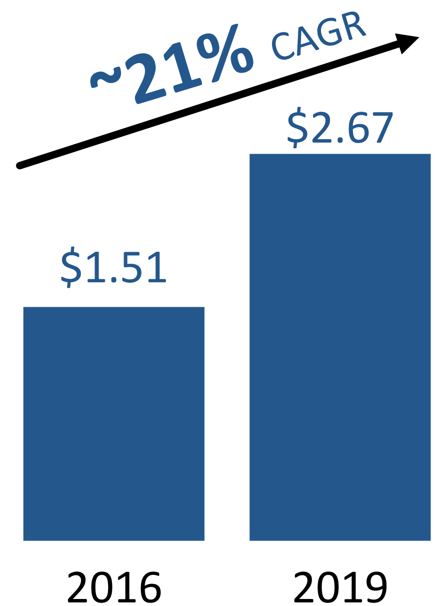
REVENUE[1] ($B)



OPERATING PROFIT[1] ($B)

EPS[1] ($)



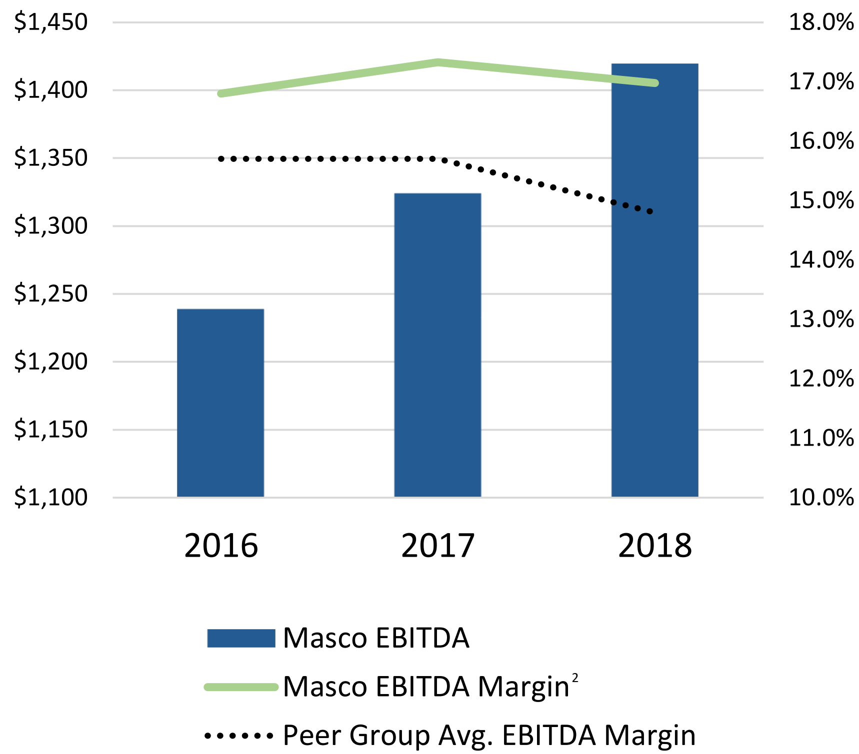
Reaffirming 2019 full year adjusted EPS expectation of $2.62 - $2.72

1. 2019 performance reflects company estimates and approximate midpoints of company guidance for the full year. 2019 operating profit excludes $6m of expected rationalization charges, $16m of impairment charges for goodwill and other intangible assets and $12m of expected professional fees related to planned divestitures. See Appendix for GAAP reconciliation. EPS as reported was $1.48 in 2016.

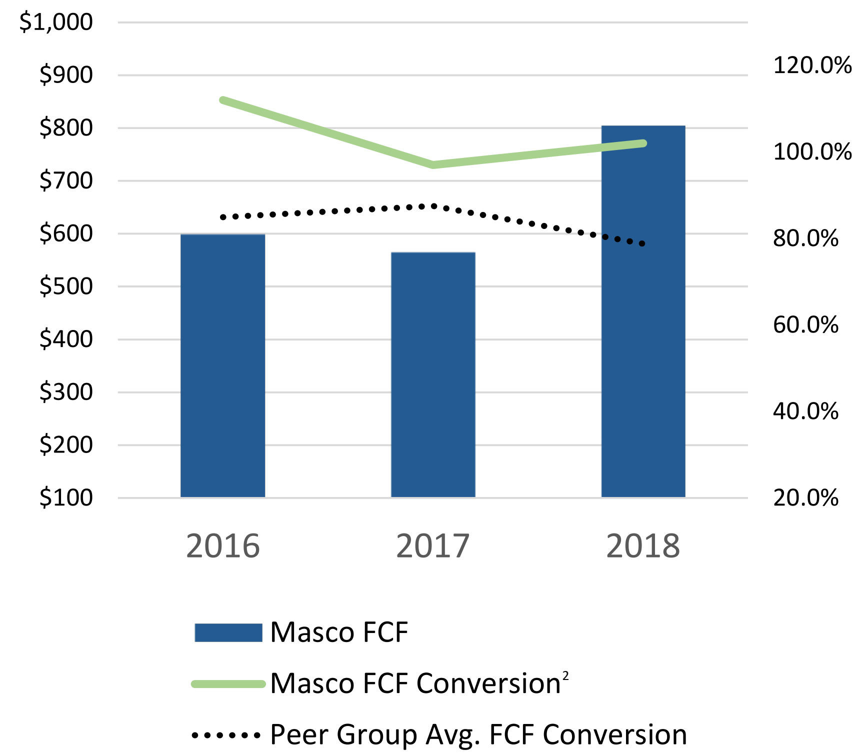
Cash Flow

High EBITDA margin and 100% Free Cash Flow conversion

EBITDA MARGIN EXCEEDS PEER SET[1]



STRONG FREE CASH FLOW CONVERSION



1. Peer group includes FBHS, SWK, PPG, SHW, MHK, JELD, WHR, OC.
2. See Appendix for Masco EBITDA and FCF GAAP reconciliation.
Source: FactSet, company websites.

Capital Allocation

Balanced strategy driving shareholder value

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STRONG CASH FLOW OF

~$2.7B

2017-2019[1]

Investing in the business[2]
~$600M

Returning capital to shareholders[3]
~$2,160M

Acquisitions and divestitures, net
~$510M

Retired debt due in 2018
~$114M

1. Expected cash from operations to be generated from 2017-2019.
2. Includes capital expenditures and displays.
3. Includes dividends and share repurchases.

Note: Totals include utilization of a portion of cash and cash investments at the beginning of 2017 of $990 million.

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Performance Since 2017

Masco's Next Chapter

Strategy for Profitable Growth

Next Chapter of Masco

More resilient portfolio with lower ticket repair and remodel focused products

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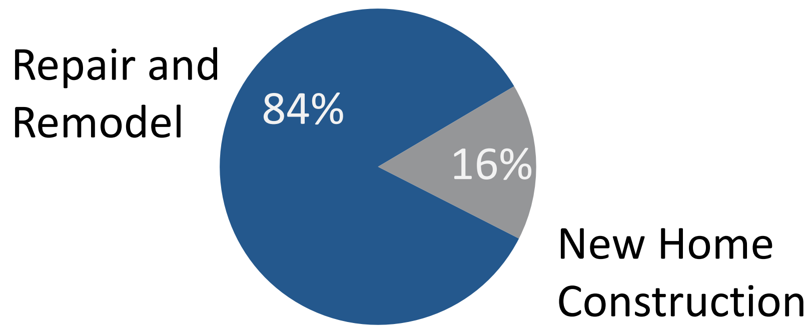
PLUMBING PRODUCTS[1]

2018 Sales: **$4.0B**

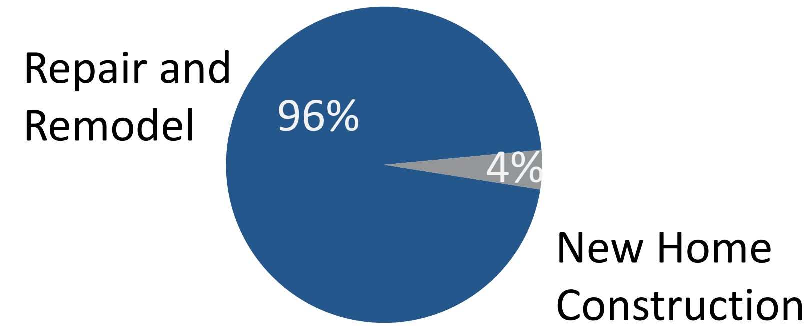
2018 Adj. OP Margin: **18.1%**[2]



DECORATIVE ARCHITECTURAL PRODUCTS[1]

2018 Sales: **$2.7B**

2018 Adj. OP Margin **18.7%**[2]



Low ticket and less cyclical	Leading brands and innovation	Customer and channel relationships

Masco Operating System

1. Revenue breakdown based on 2018 revenue and company estimates.
2. Excludes $9m of rationalization charges for Plumbing Products and $40m for Kichler inventory step up adjustment for Decorative Architectural Products.

Planned Divestiture of Cabinetry and Windows

Actions will result in a higher margin business

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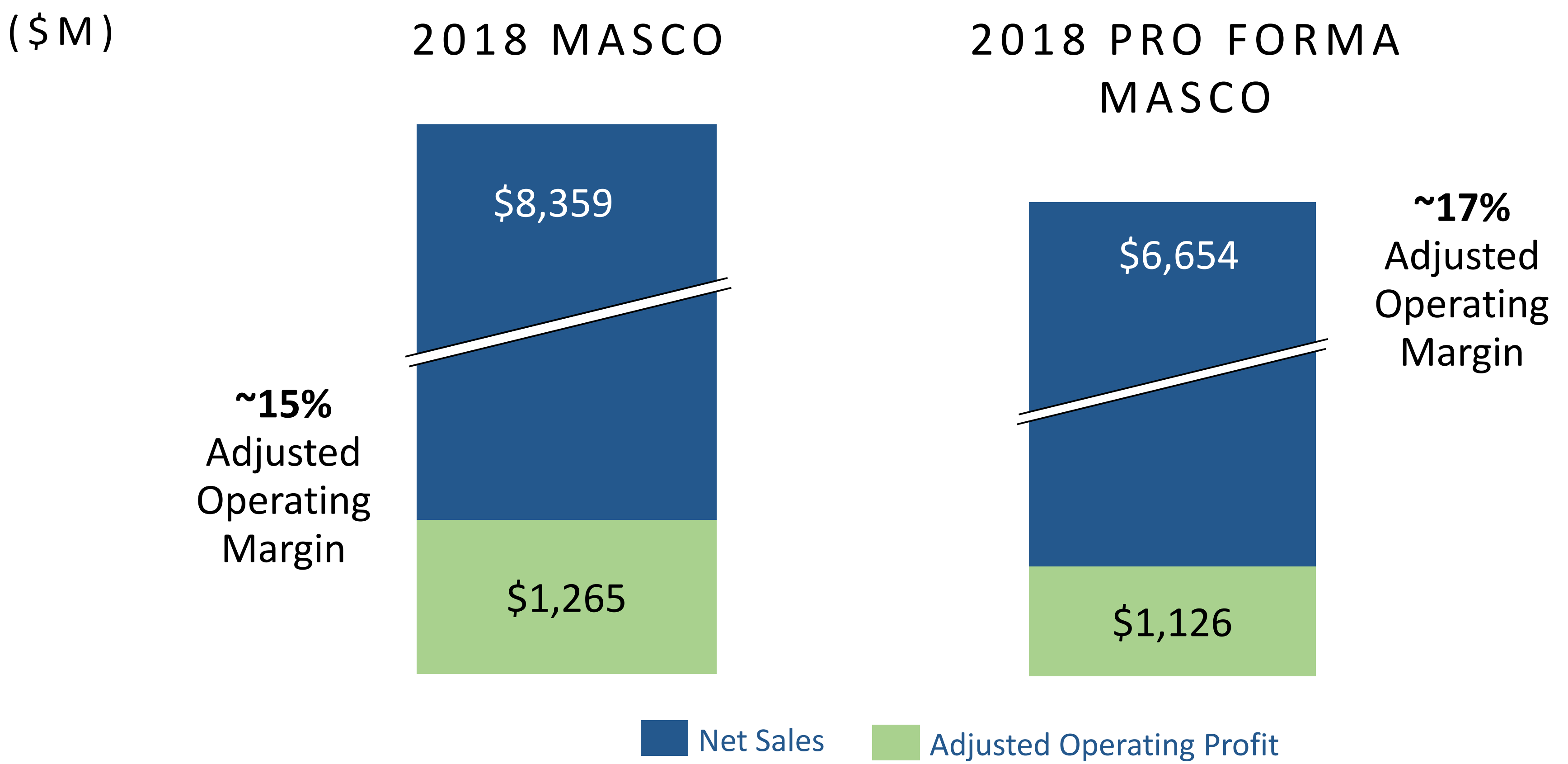

Anticipate deploying majority of proceeds from divestitures to share repurchases throughout 2020

Note: See Appendix for Pro Forma and operating profit and margin GAAP reconciliations.

Diversified Revenue Mix

Low ticket repair and remodel business will improve financial stability

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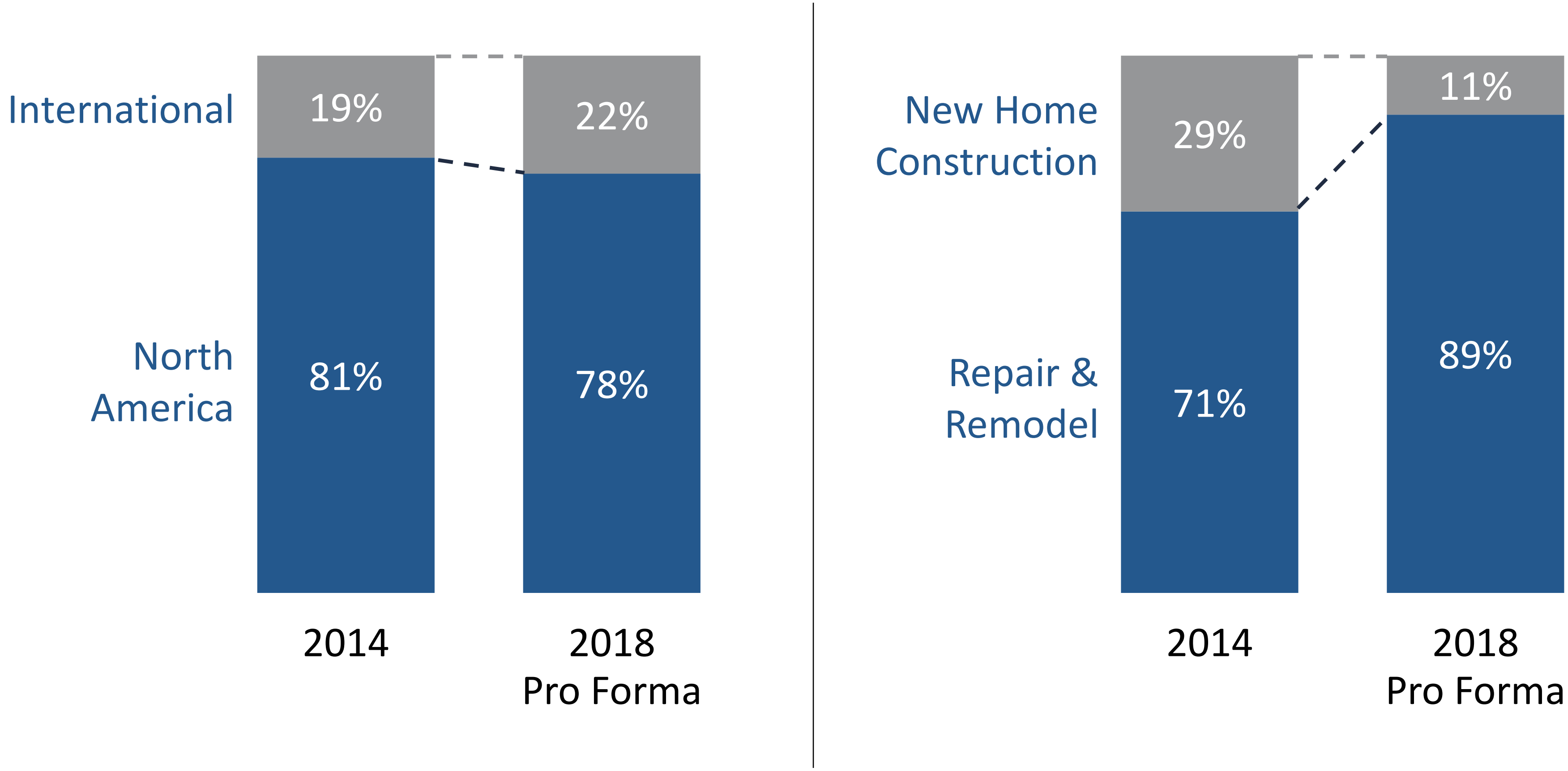
REVENUE BREAKDOWN[1]



1. Based on 2014 revenues, 2018 Pro Forma revenue and company estimates.

Historical Sales Performance

Pro Forma sales considerably more stable through a cycle

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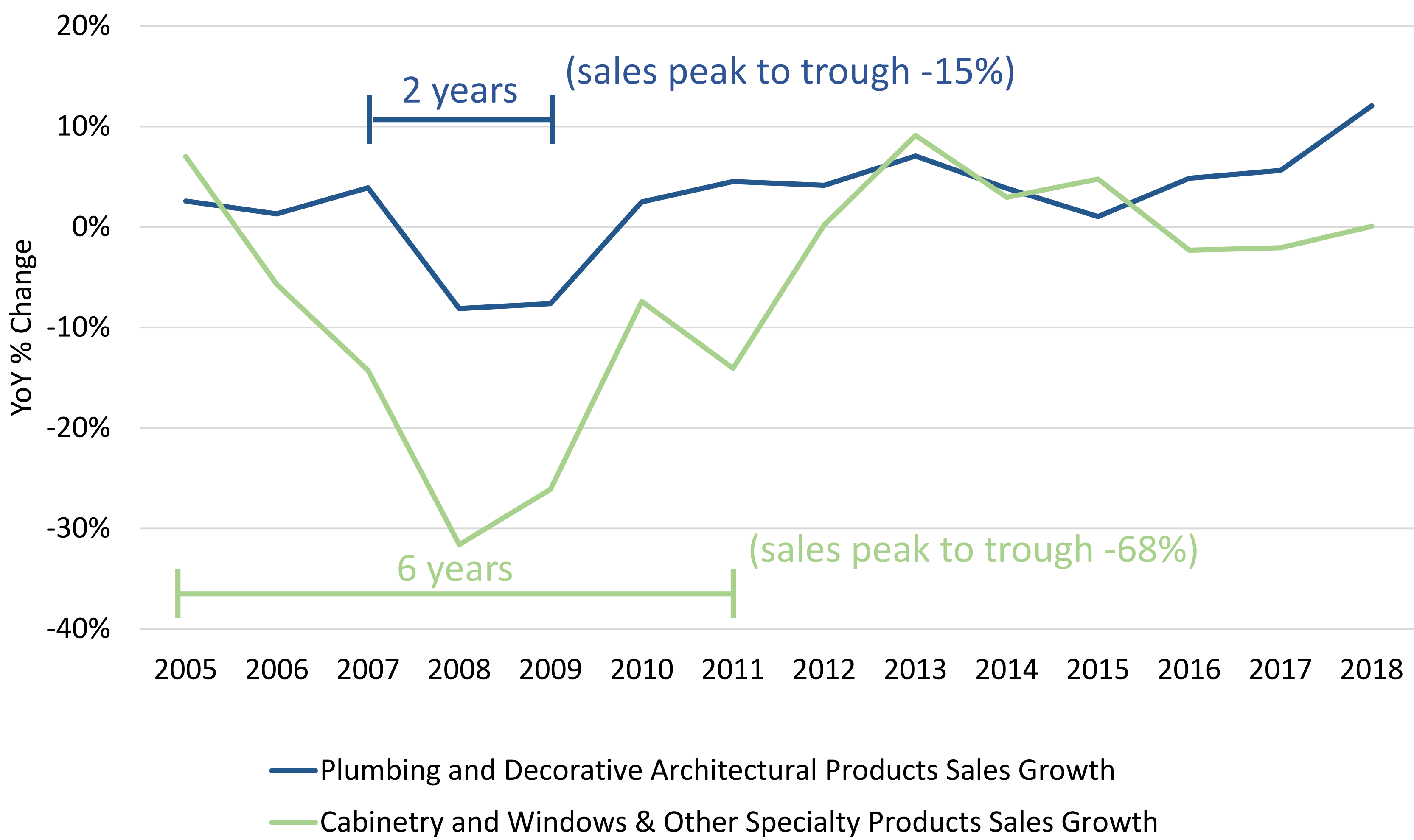

Historical Margin Performance

Pro Forma operating margins significantly more resilient

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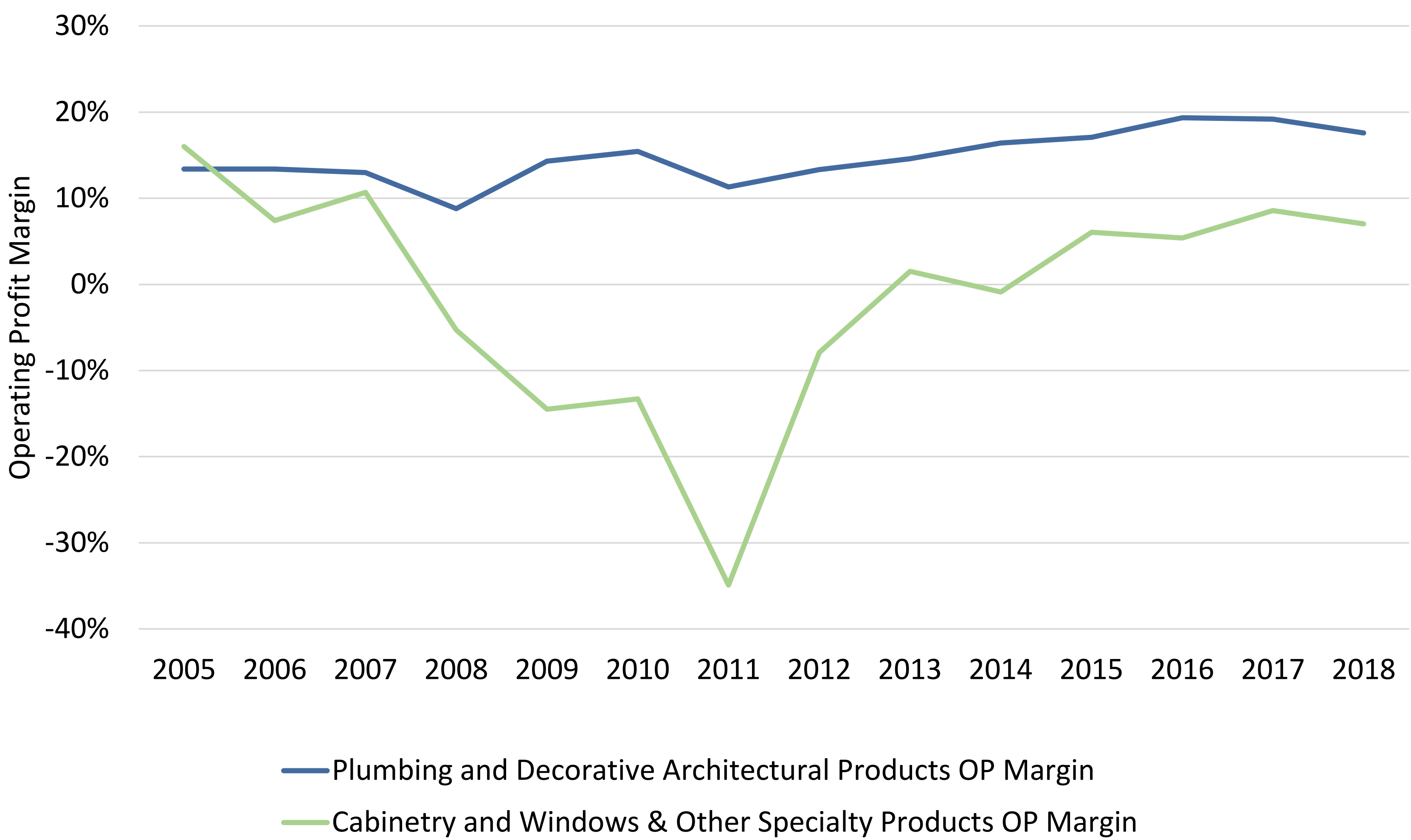

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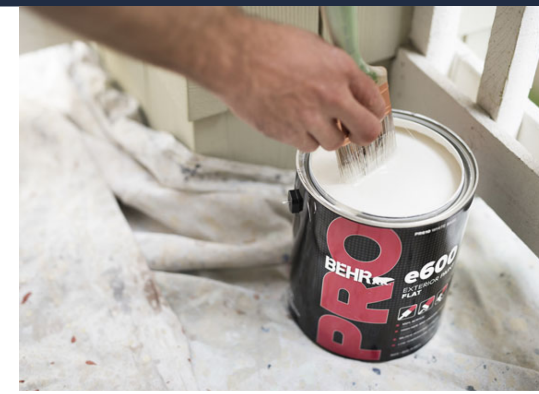
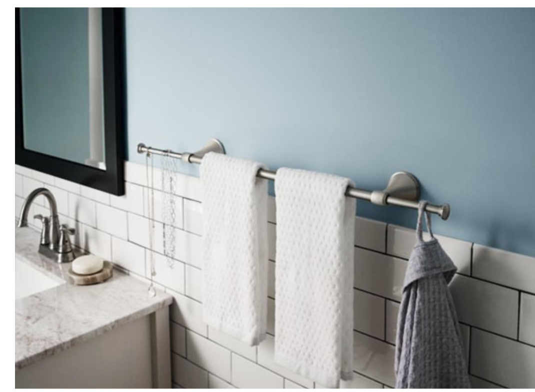
Performance Since 2017

Masco's Next Chapter

Strategy for Profitable Growth





Market Leading Brands

High share position in many categories

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BEHR

AXOR

DELTA

see what Delta can do™

KICHLER®

hansgrohe®

KILZ®

Innovation Leadership

Fuels future growth and customer advocacy

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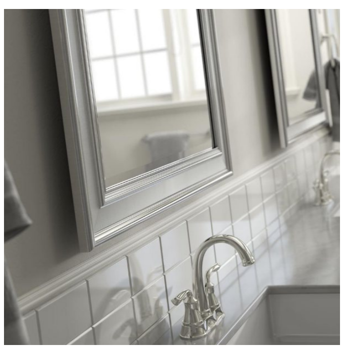
Delta®
SprayShield® Technology

Delta®
VoiceIQ™ Technology

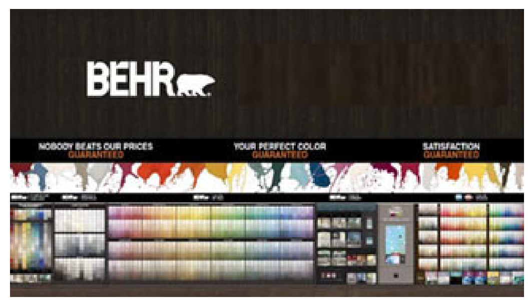
Hansgrohe®
PowderRain® Spray Technology

Hansgrohe®
Metris® Select



Liberty Hardware
Mirrors

Behr Marquee®
Coating



Behr/Home Depot
Color Solutions Center

Magnolia Home
by Joanna Gaines
Paint Products

Approximately 30% of Plumbing and Decorative Architectural Products revenues are from products introduced in the last three years[1]

1. Based on company estimates.

Broad Distribution

Diversified geographies, products, channels

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PRICE POINTS

GOOD

PEERLESS

BEHR

BETTER

DELTA
see what Delta can do

hansgrohe

BEHR

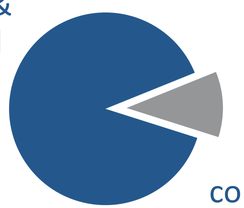
BEST

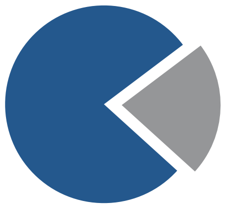
BRIZO

AXOR

BEHR

CHANNELS[1]





Retail	50%
Wholesale/trade	40%
E-commerce	5%
Specialty dealers/ other	5%

1. Segmentation figures based on company estimates and 2018 Pro Forma revenue.

Fundamentals of Repair and Remodel Market

Market growth approximately 1-2% above GDP on average

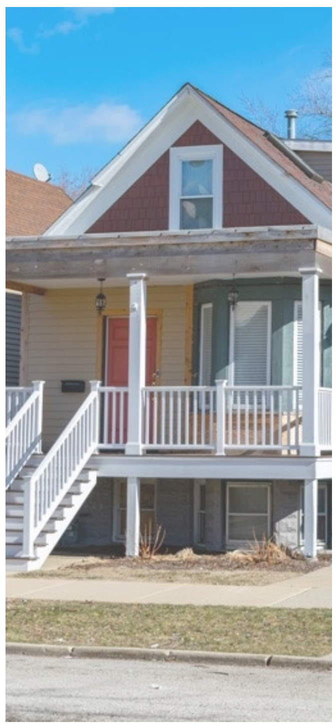
HOME PRICE APPRECIATION

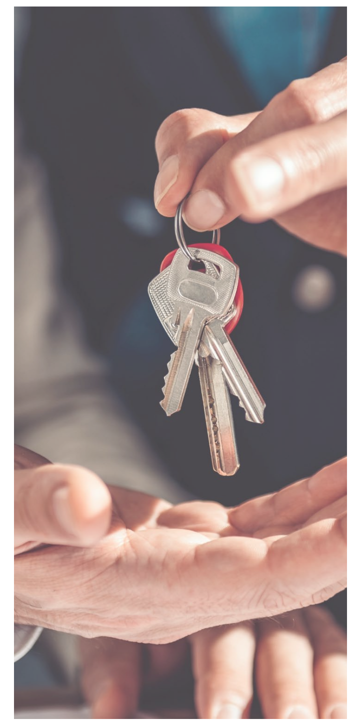
AGE OF U.S. HOUSING STOCK

HOUSEHOLD FORMATION

HOUSING TURNOVER

CONSUMER CONFIDENCE





Clear Strategic Focus

Competitive advantages and strategy drives above market growth and returns

MASCO

1 Drive full potential of our core businesses

2 Leverage opportunities across our portfolio

3 Actively manage portfolio

Above Market Growth and Returns

Drive Full Potential of Our Core Business

Investing in brands, innovation and operational excellence

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KEY OPPORTUNITIES

Continued growth in North American and International plumbing

Continued share gains in Coatings

Further E-commerce penetration

Masco's Operating System

Leveraging best practices and continuous improvement

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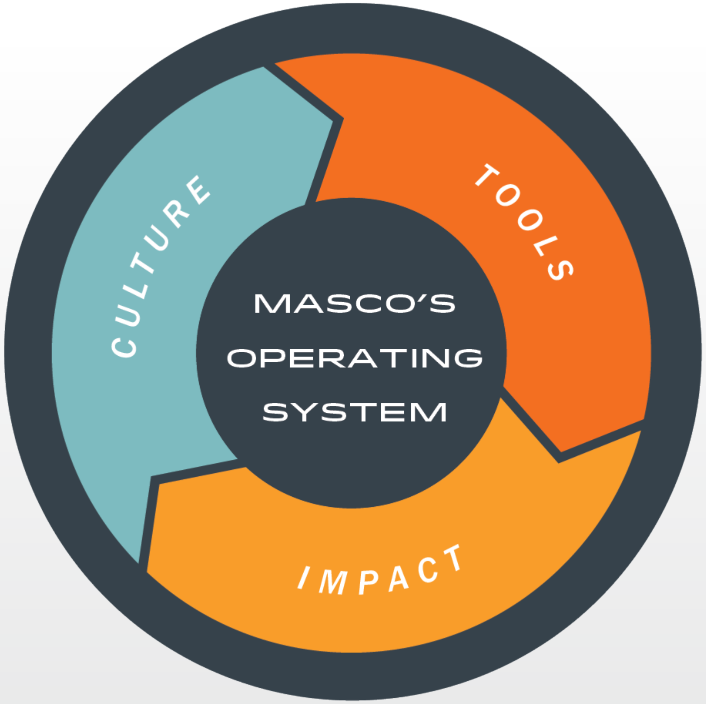

CULTURE + **TOOLS** = **IMPACT**

CULTURE	TOOLS	IMPACT
Continuous Improvement	Share best practices and use standardized tools	Drive results

Actively Manage Portfolio

Create value by executing on divestitures and select bolt-on acquisitions

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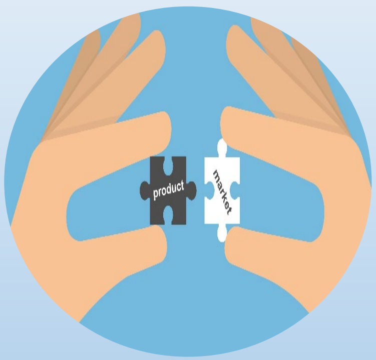
M&A CRITERIA



MARKET

New categories or geographies within existing product markets

COMPANY

Accelerate organic growth, drive cost savings and/or bring new expertise

VALUE

ROIC greater than risk adjusted WACC within 5 years

Key Messages

Competitive advantages to deliver consistent performance

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1. Continue to deliver against commitments

2. Stronger portfolio for above market growth and resilience

3. Balanced approach to allocation of substantial free cash flow to continue to drive shareholder value

Plumbing Products

RICHARD O'REAGAN
GROUP PRESIDENT

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The Business Today

Growth Above Market

Future Outlook

Plumbing Products
Segment overview

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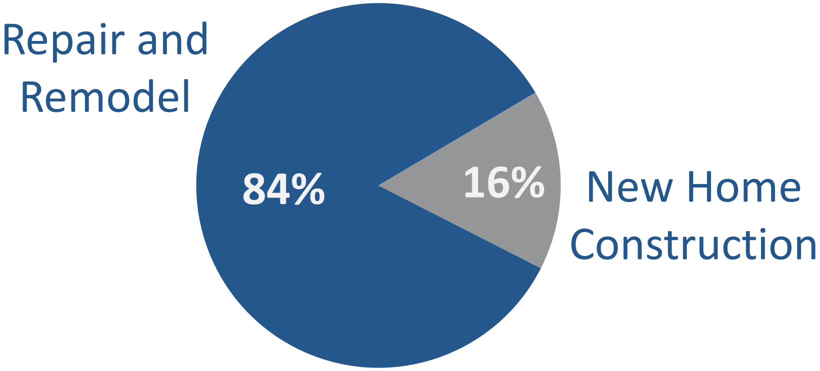
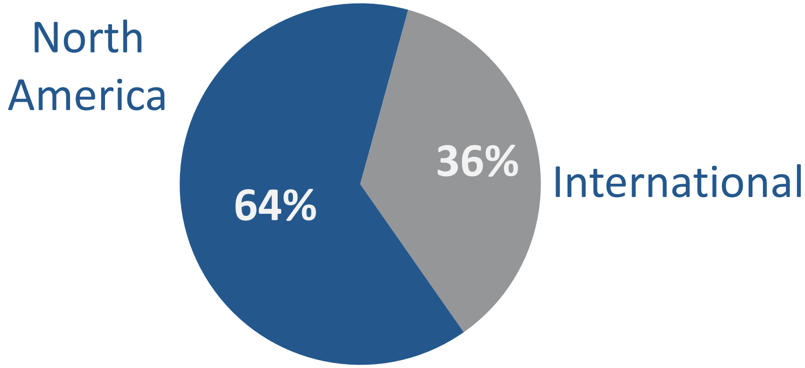
2018

Revenue	$4.0B
Margin as Adjusted[1]	18.1%
Currency Exposure	USD / EUR / GBP / CAD / RMB
Commodity Exposure	Copper / Zinc / Resins

REVENUE BREAKDOWN[2]





1. Operating profit, as adjusted, excludes $9M of rationalization charges.
2. Based on company estimates.

Broadest Product Range in the Industry

Opportunity for balanced growth with sustainable margins

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HIGHER

Share

Sanitary and Kitchen Sinks

DELTA see what Delta can do

hansgrohe

Bath Systems and Accessories

DELTA see what Delta can do

HÜPPE

mirolin

Rough Plumbing

BrassCraft

COBRA

PLUMBSHOP

Wellness Products

HotSpring Every day made better

ENDLESS POOLS

CalderaSpas

FREEFLOW SPAS LIVE, RELAX AND ENJOY.

Faucets and Showers

DELTA see what Delta can do

hansgrohe

AXOR

BRIZO

NEWPORT BRASS

PEERLESS

BRISTAN

LOWER — Operating Margin — HIGHER

Note: Based on company estimates.

Brand, Innovation and Distribution Leadership

Demonstrated success in core competencies

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BRANDS		INNOVATION		CHANNEL BREAKDOWN *(% of 2018 Revenue[1])*	
DELTA see what Delta can do	#1 Share in North America	Vitality Index	~30%	Trade	55%
hansgrohe	#1 Share in Germany	EPA WaterSense Sustained Excellence Award received by Delta	4 years	Retail	25%
BrassCraft	#1 Preferred rough plumbing brand	Awards received by Hansgrohe since 1974	601	Specialty dealers	10%
HotSpring Every day made better	#1 Portable spa Brand			E-commerce	10%

1. Numbers are approximate and based on company estimates.

Manufacturing Footprint

Provides flexibility to respond to a changing marketplace

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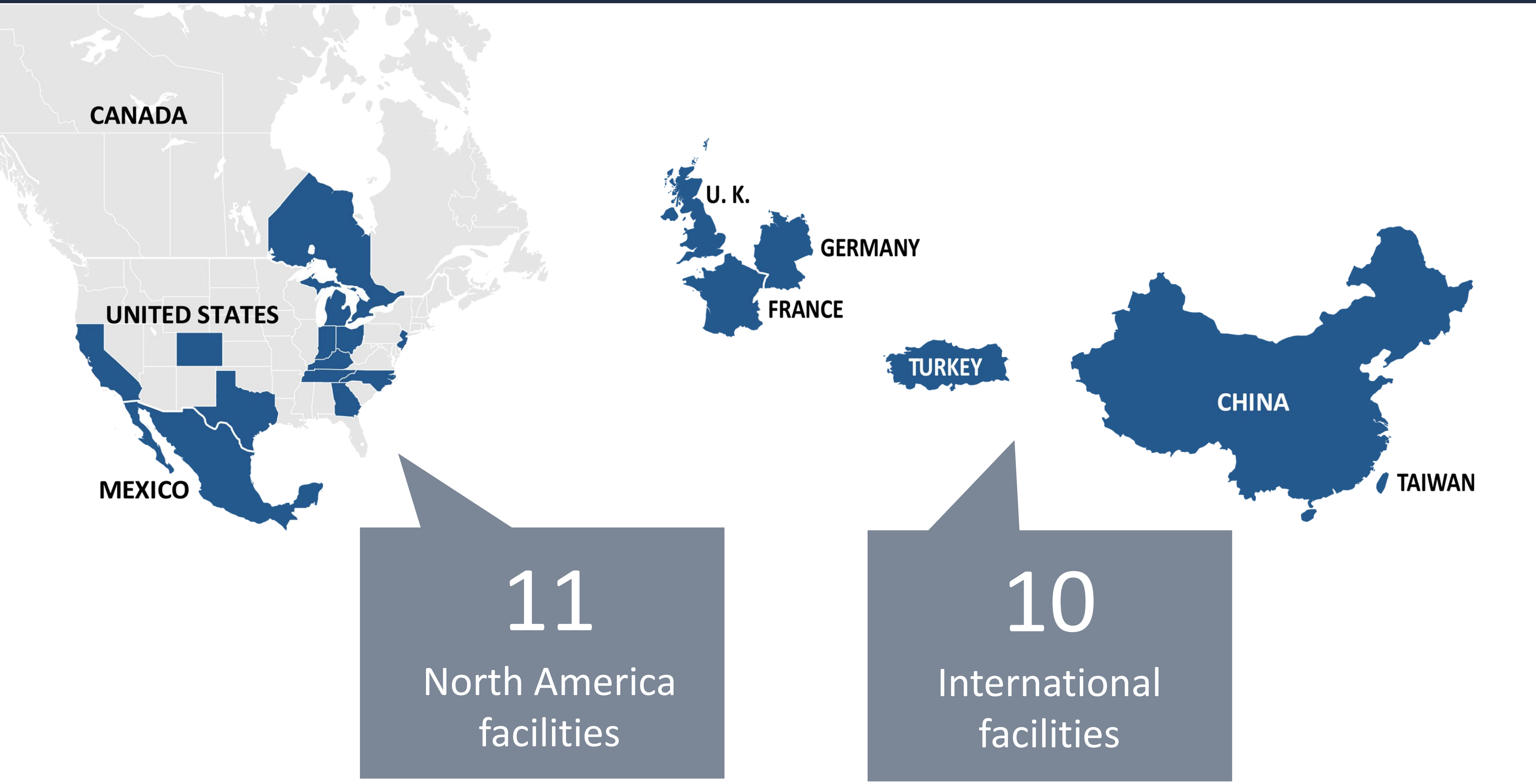

■ Manufacturing locations

Financial Performance

Consistently delivering on our commitments

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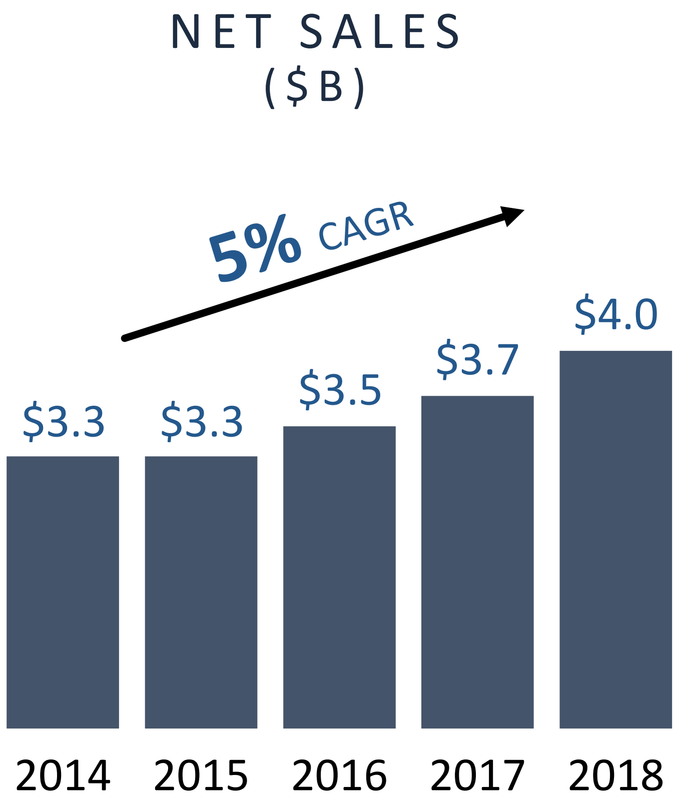

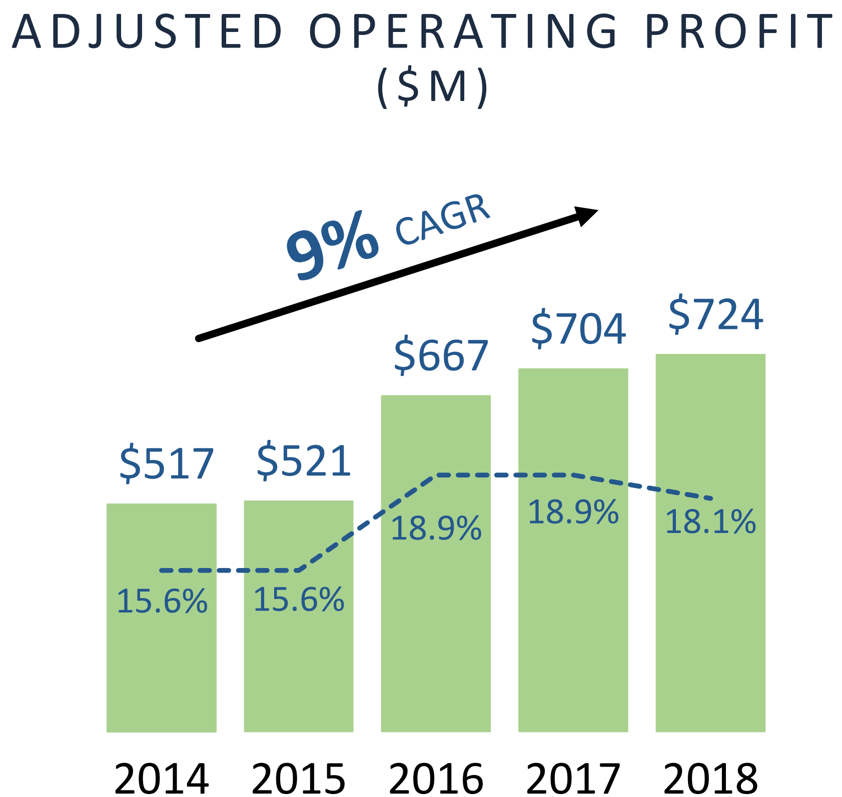

On Track to Deliver 2017 Investor Day Targets of 4-6% Sales CAGR and 18-19.5% Operating Margin

1.Excludes business rationalization charges of $5M in 2014, $9M in 2015, $13M in 2016, $2M in 2017 and $9M in 2018.

Agenda

The Business Today

Growth Above Market

Future Outlook

Three Key Growth Strategies

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1 Extend leadership position in North American plumbing

2 Grow in priority international markets

3 Invest to grow

Investments are Working
Basis for continued growth above market

Designer advocacy

Showroom penetration

Growth outside core faucets and showers

Winning at Both Ends of the Market

Can respond to changing consumer preferences

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LUXURY	ENTRY LEVEL
	
BRIZO®	PEERLESS®
NEWPORT BRASS.	Delta® Foundations® Collection

Comprehensive E-Commerce Strategies

Infrastructure in place to support channel dynamics

MASCO

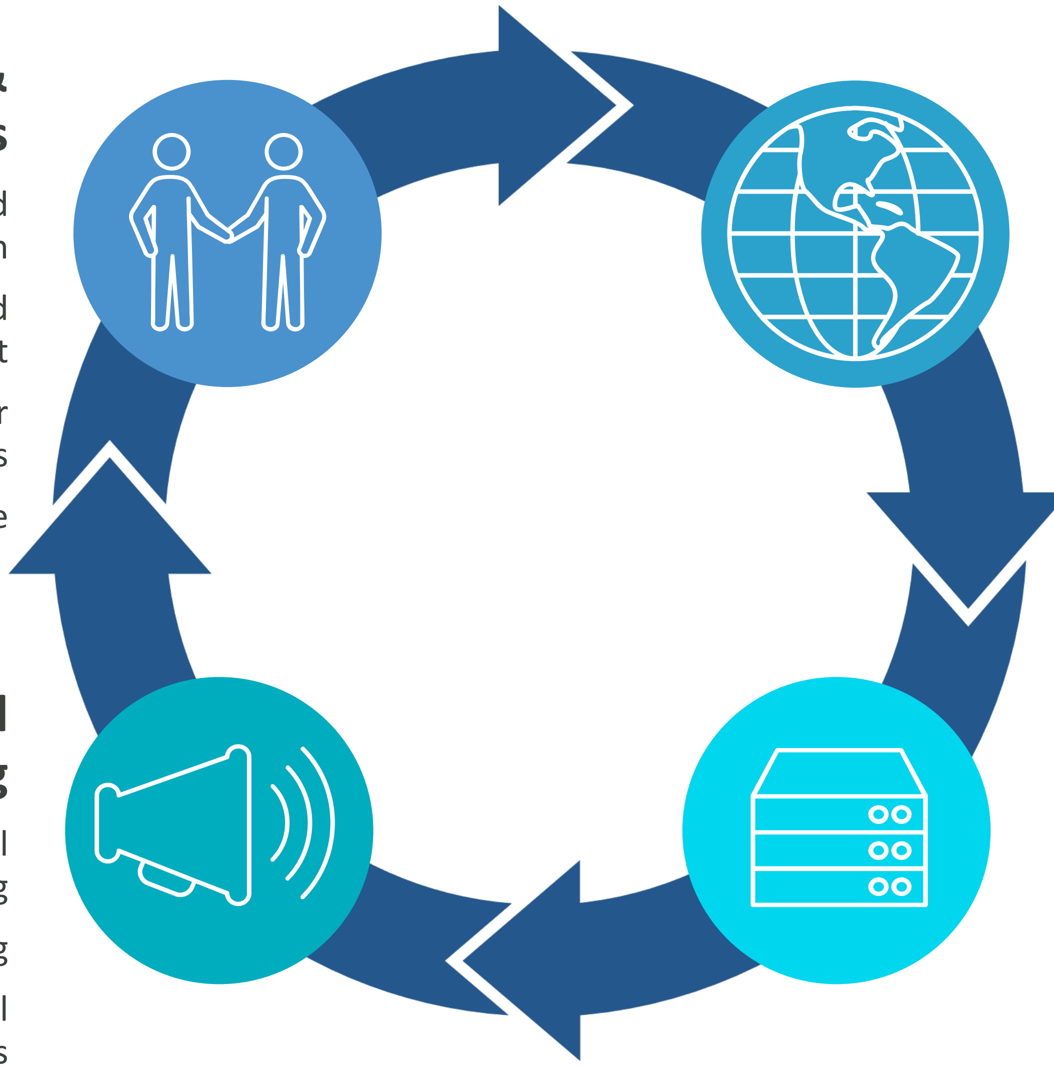
People & Capabilities

Dedicated eBusiness Team

Minimum Advertised Price Enforcement

Strong Customer Partnerships

Digital Expertise



Operations

Direct to Consumer Shipping

Packaging Improvements

Improved Lead Times

Digital Marketing

Best-In-Class Digital Merchandising

4 Star Average Rating

Paid Search to Fuel Algorithms

Tools & Technology

Analytics Tools

Content / Digital Asset Management

Delta Faucet Company E-Commerce Position

Market leader with strong partnerships and above market growth

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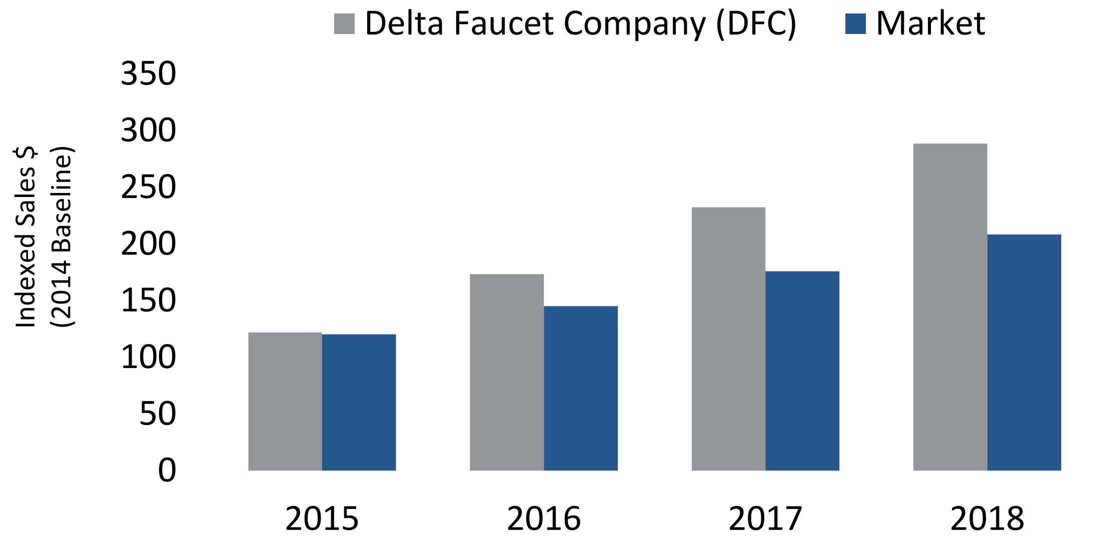
ONLINE FAUCET SHARE LEADER

#1

E-COMMERCE MARKET GROWTH



2015 to 2018 CAGR

DELTA FAUCET COMPANY vs Market

33% **20%**

Source: Company estimates.

Three Key Growth Strategies

MASCO

1 Extend leadership position in North American plumbing

2 Grow in priority international markets

3 Invest to grow

Global Leader in Premium and Luxury Market

Ability to respond to global market dynamics

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hansgrohe

Shanghai | China

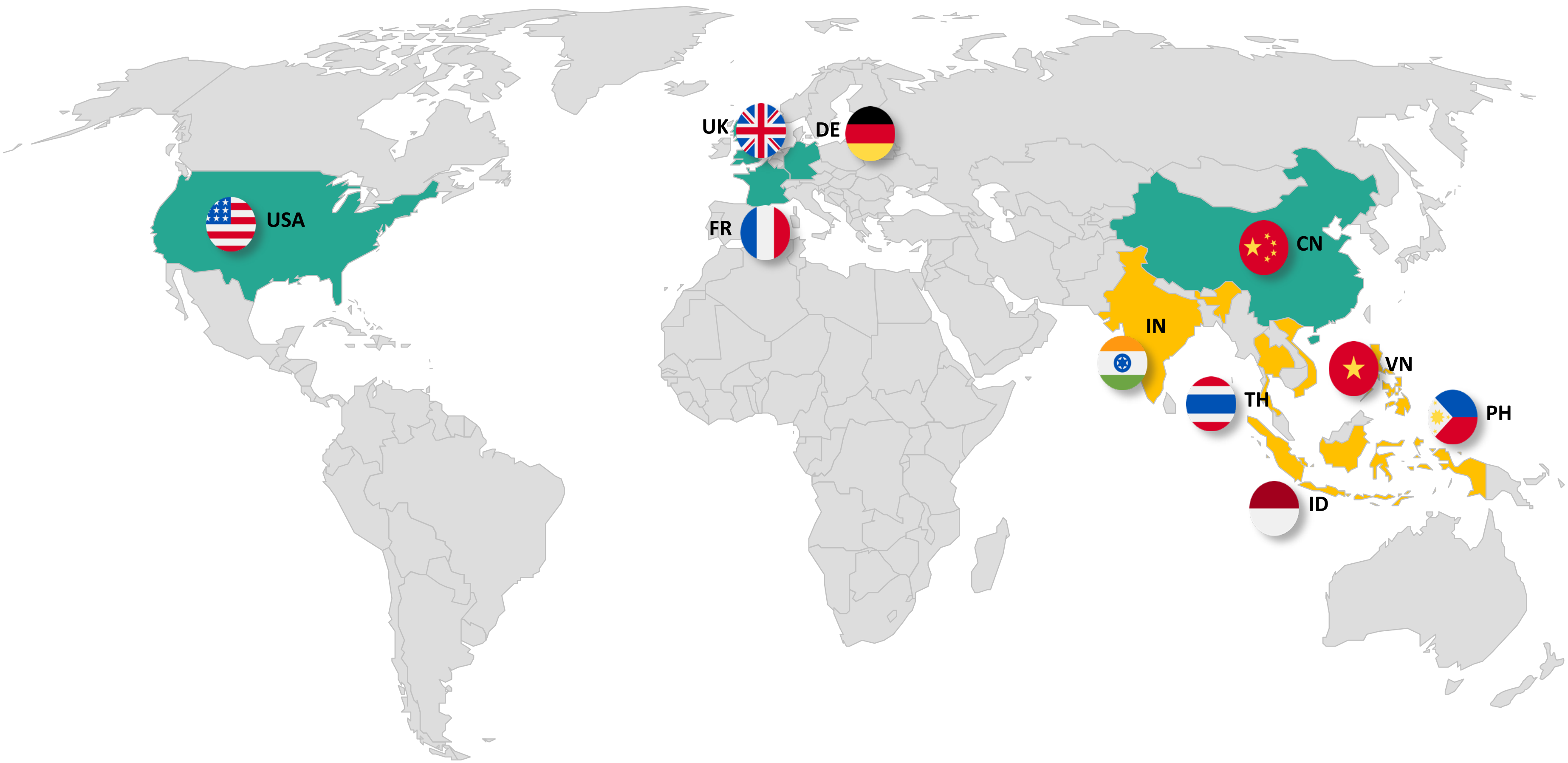
Wasselonne | France

Schiltach
Offenburg | Germany
Willstätt

Atlanta | USA

Priority International Markets

Balanced attention on large core and emerging markets



Focus markets: Germany, China, USA, France, UK

Key Emerging markets: India, South East Asia

Industry Trendsetter in Innovation and Design

Key elements to international appeal across countries

MASCO

hansgrohe

AXOR

Rainfinity

AXOR Edge

601

Awards since 1974

reddot

GERMAN DESIGN AWARD WINNER 2018

iF WORLD DESIGN INDEX

TOP10 Companies 2015 – 2019

Expand Multi-Channel Distribution Globally

Responsive to global channel dynamics

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Promotion of global E-commerce growth

reuter.de amazon 天猫 TMALL.COM

Expand global trade business

GC GRUPPE FERGUSON SAINT-GOBAIN

Drive DIY expansion in Europe

BAUHAUS LEROY MERLIN OBI

Grow hospitality and residential project business

IHG InterContinental Hotels Group Marriott HOTELS · RESORTS · SUITES Hilton

Expand Into Adjacent Product Categories in China

Bundled solution approach driving growth

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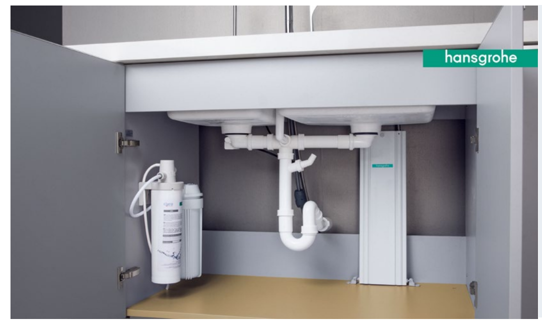
LAUNCHED IN 2015

Kitchen Sinks

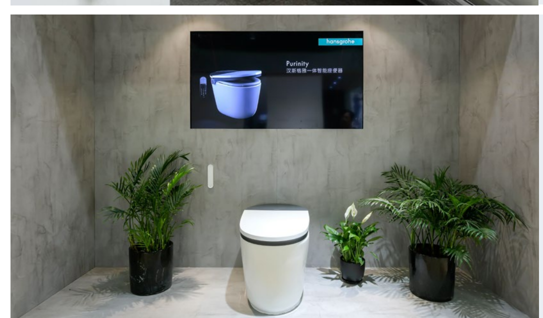
LAUNCHED IN 2018/2019

Cross-selling potential in **Kitchen & Bath**



Drinking water solutions

Water filtration solutions



Shower toilets

Three Key Growth Strategies

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1 Extend leadership position in North American plumbing

2 Grow in priority international markets

3 Invest to grow

Investing to Grow
Continuing innovation legacy

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Functional Innovation
VoiceIQ™ Technology

Material Innovation
Brizo® Concrete Faucet

Personalization / Customization
Precision Powder Room

Investing to Grow

Building capabilities for future growth

MASCO

Connected Products

FIRST WAVE[SM]

THE INNOVATION LAB
AT DELTA FAUCET COMPANY

Agile Product / Market Development Processes

New Product Categories

Investing to Grow

Developing smart living and digital solutions

MASCO

hansgrohe
home

RainTunes
Multisensory Shower Experience

Pontos
Innovative Water Management System

Agenda

The Business Today

Growth Above Market

Future Outlook

Q&A

Keith Allman and Richard O’Reagan

MASCO

Decorative Architectural Products

JAI SHAH
GROUP PRESIDENT

MASCO

Safe Harbor Statement

MASCO

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Agenda

Segment Overview

Lighting Category

Coatings Category

Future Outlook

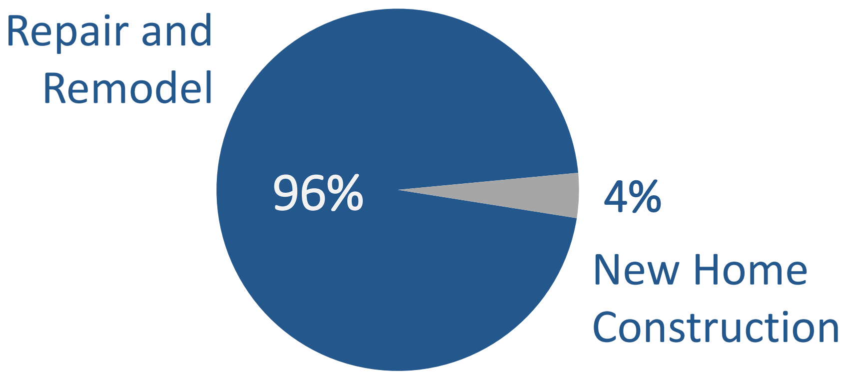
Decorative Architectural Products

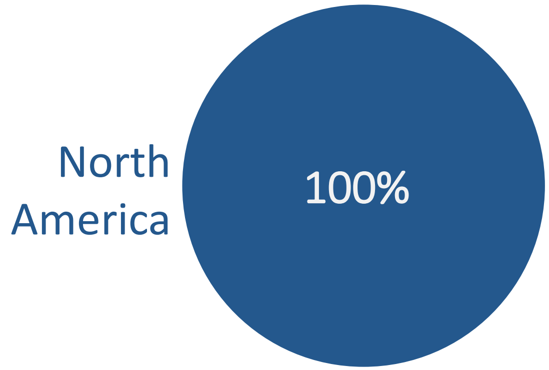
Segment overview

2018

Revenue	$2.7B
Margin as Adjusted[1]	18.7%
Currency Exposure	USD / CAD / MXN / RMB
Commodity Exposure	TiO2 / Resins / Zinc

REVENUE BREAKDOWN[2]





1. Excludes Kichler inventory step up adjustment of $40m in 2018.
2. Based on company estimates.

Multiple Low Ticket Categories and Brands

Broad assortment and market-leading brands

MASCO

COATINGS	HARDWARE	LIGHTING
Paints, primers, stains	Cabinet and bath hardware	Decorative fixtures
Specialty coatings	Shower doors	Fans
Aerosols	Hooks, wall plates, mirrors	Landscape

BEHR®

KILZ®

MAGNOLIA HOME BY JOANNA GAINES

premium paint by KILZ

LIBERTY™

FranklinBrass®

A Liberty Hardware Brand

BRAINERD®

DELTA

KICHLER®

élan®

Innovation Leadership
Proven track record

MASCO

BEHR | Paint Company

ColorSmart®
digital color tool

Premium Plus Ultra®
1st paint & primer in one

Behr Marquee® Paint
one-coat hide guarantee

Behr **PRO**
line

LIBERTY HARDWARE®
MANUFACTURING CORPORATION

Customizable shower doors

KICHLER®

Elan
Premium decorative
LED lighting

Channel Partnerships

#1 position across multiple categories and customers

MASCO

RETAIL

THE HOME DEPOT | LOWE'S | Target | MENARDS | Walmart

TRADE

ACE | Hirshfield's Paints • Wallcoverings • Window Fashions | Connecticut Lighting Centers | sonepar usa

25,000 independent paint dealers

3,000 independent lighting dealers & showrooms

E-COMMERCE

THE HOME DEPOT | LOWE'S | amazon | wayfair | build.com

Financial Performance

Consistently high earnings and cash flow generation

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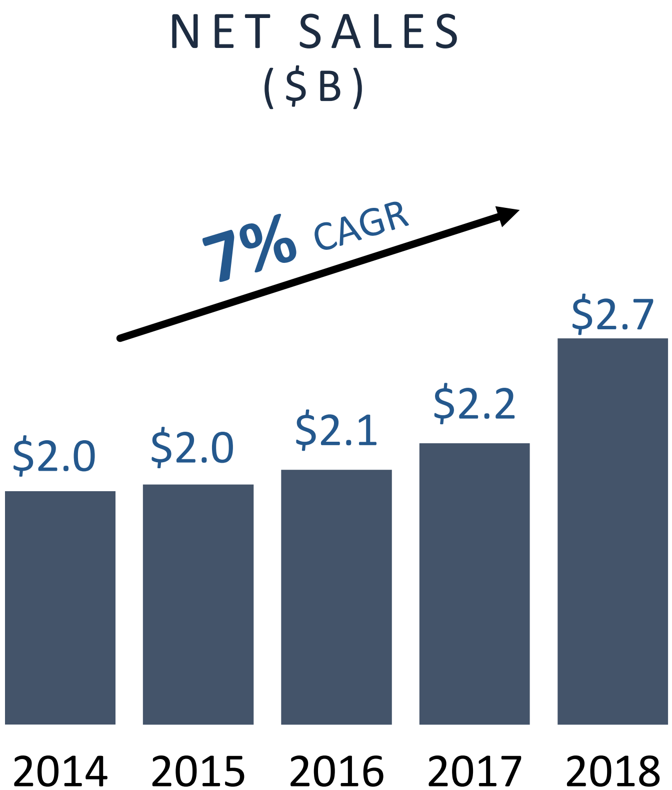

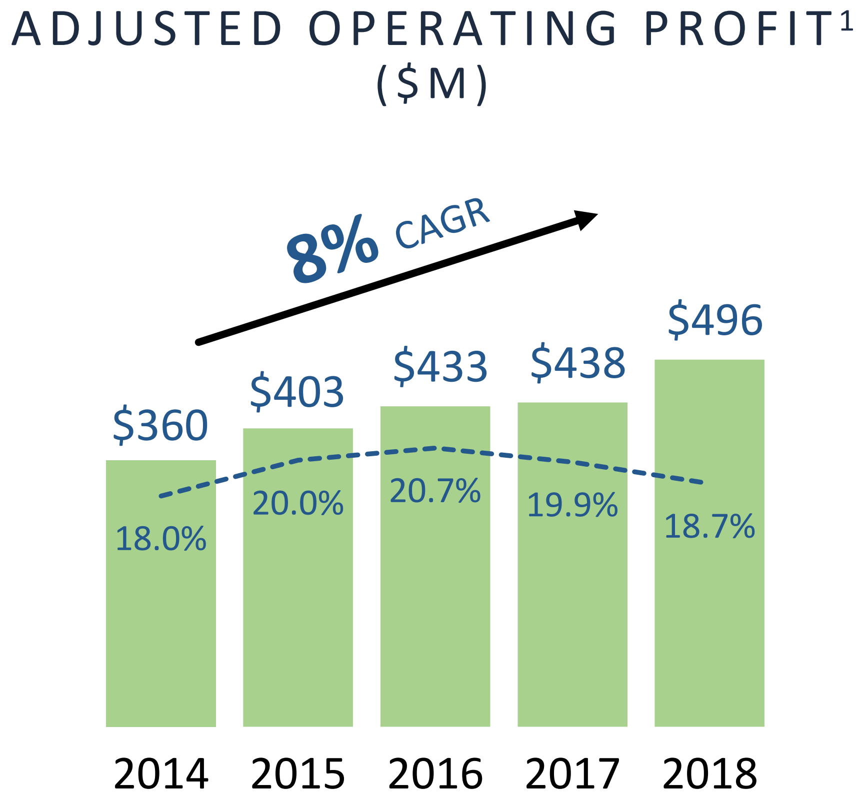

On track to deliver 2017 investor day targets of
4-6% sales CAGR and 16.5-18.5% operating margins[2]

1. Excludes Kichler inventory step up adjustment of $40m in 2018.
2. Margin guidance from 2017 investor conference updated with acquisition of Kichler.

Agenda

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Segment Overview

Lighting Category

Coatings Category

Future Outlook

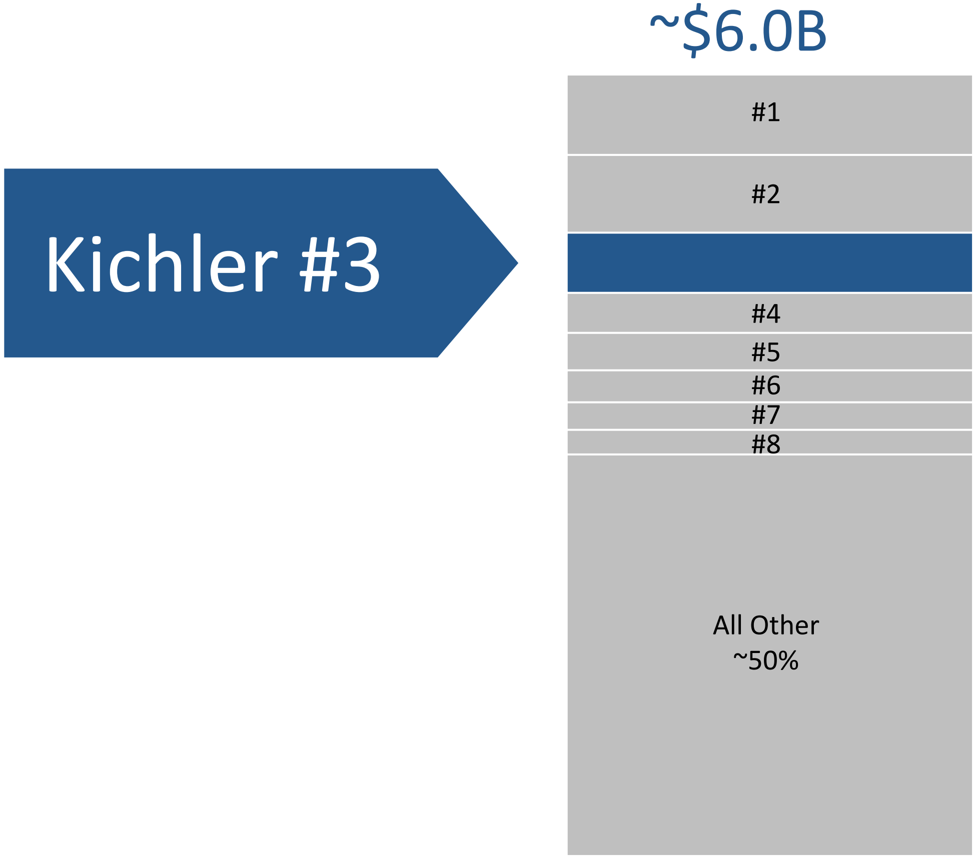
U.S. Lighting Industry

Scale position in fragmented industry to extend our leadership

MASCO

U.S. RESIDENTIAL/ LIGHT COMMERCIAL LIGHTING MARKET

- Attractive industry
- Kichler well-positioned
- Ability to realize value



Source: Company estimates.

Kichler – Broad Depth and Breadth

Ability and options to grow through further penetration

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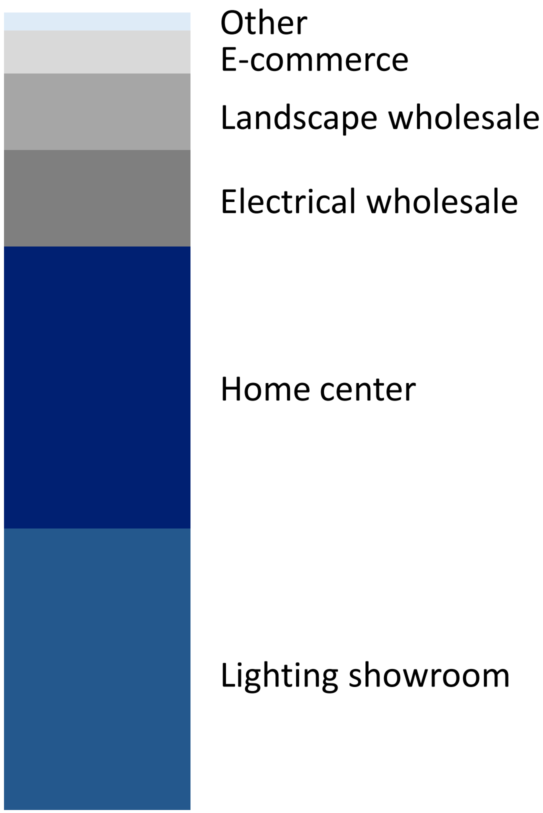
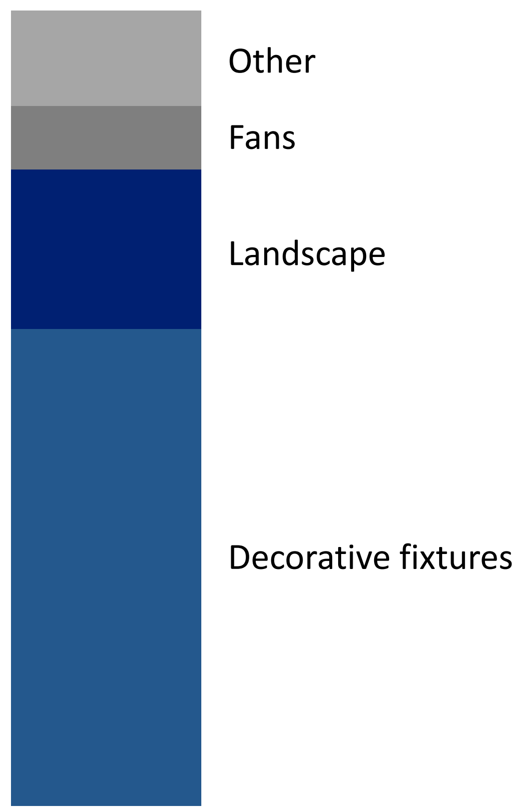
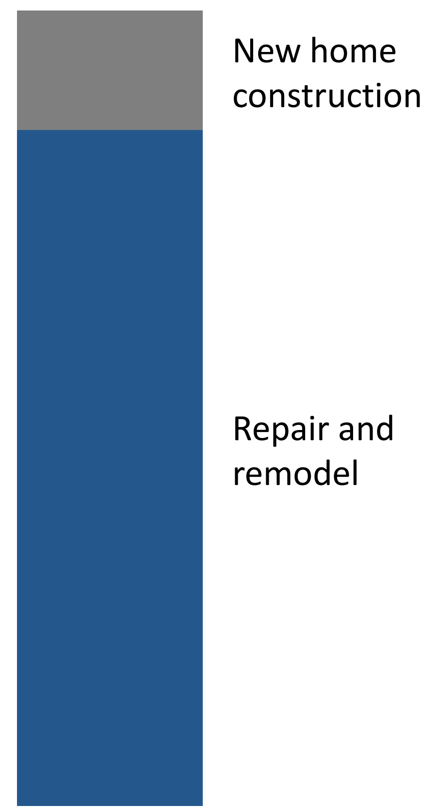
CHANNEL



CATEGORY



R&R VS. NHC



Lighting: An Interconnected Category

We know the playbook to win in lighting

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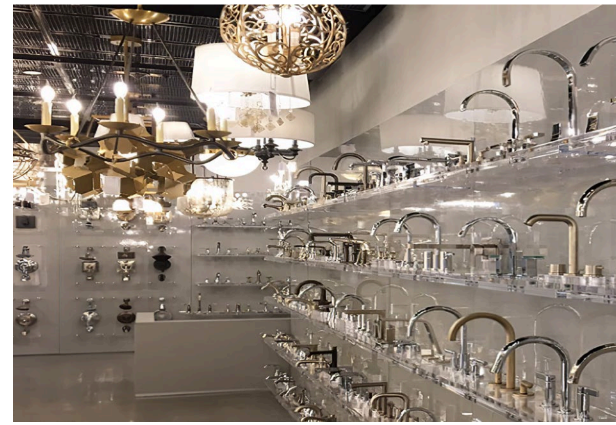
FERGUSON
Bath, Kitchen & Lighting Gallery



amazon

LOWE'S

wayfair

build.com

Kichler Post Acquisition Journey

Laying the foundation to drive towards full potential

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To Date

2020 - 2021

2021+

Masco Operating System embedded

Targeted growth in showroom and E-commerce

Full potential realization

Kichler Post Acquisition Journey

Laying the foundation to drive towards full potential

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To Date

2020 - 2021

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Kichler Post Acquisition Journey

Laying the foundation to drive towards full potential

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To Date

2020 - 2021

2021+

Masco Operating System embedded

Targeted growth in showroom and E-commerce

Full potential realization

Agenda

Segment Overview

Lighting Category

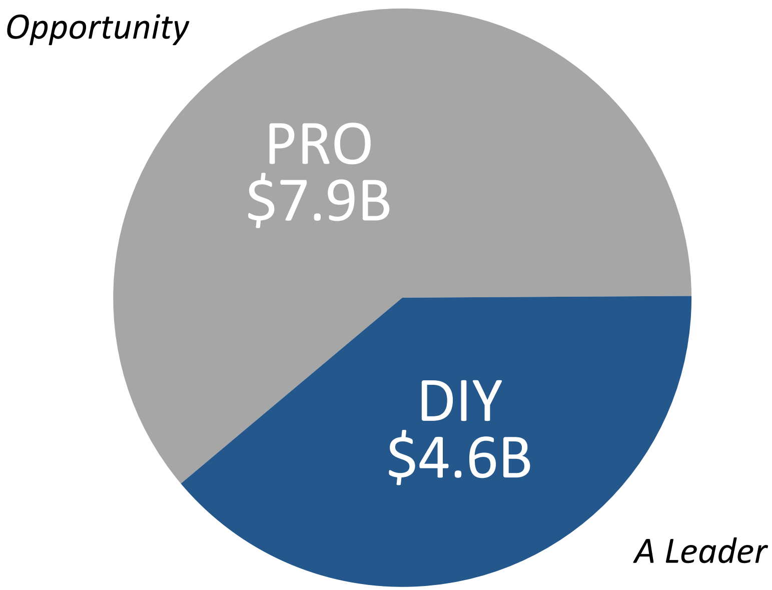
Coatings Category

Future Outlook

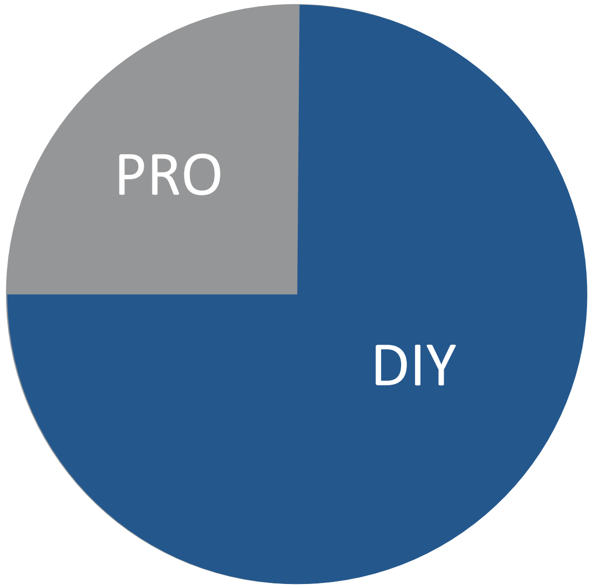
Coatings Category

Transitioning from DIY focused to meaningfully diversified

TOTAL U.S. ARCHITECTURAL COATINGS MARKET (2018)
$12.5B



BEHR PAINT COMPANY SALES MIX (2018)



Source: Company estimates.

Leading Brands

Strong pull from consumers and professionals

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#1	JD Power customer satisfaction for interior paint
#1	Brand awareness, consideration and conversion
#1	Net promoter score
#1	Most trusted paint brand in the U.S. and Canada

#1	Primer brand in North America
#1	Net reputation score (primer)
>90%	Positive impressions with pros
⇧	Highest primer brand loyalty and preference

Source: 2019 JD Power Interior Paint Study, 2019 Reader's Digest, and a leading consumer study.

Quality Leadership

#1 in quality for multiple years running

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2019 Ratings

INTERIOR

#1 

BEHR Marquee Interior

EXTERIOR

#1 

BEHR Ultra Exterior

EXTERIOR STAIN

#1 

BEHR Premium Semi-Transparent Wood Stain/Sealer

Rated #1 by Consumers

Source: Independent consumer research testing firm.

40-Year Partnership with The Home Depot

Strongest partnership in the industry

SINCE
1979 — Supplier to The Home Depot

6x — Innovation of the Year Award Winner

13x — Partner of the Year

Coatings – Growth Strategy

MASCO

1 Extend DIY leadership

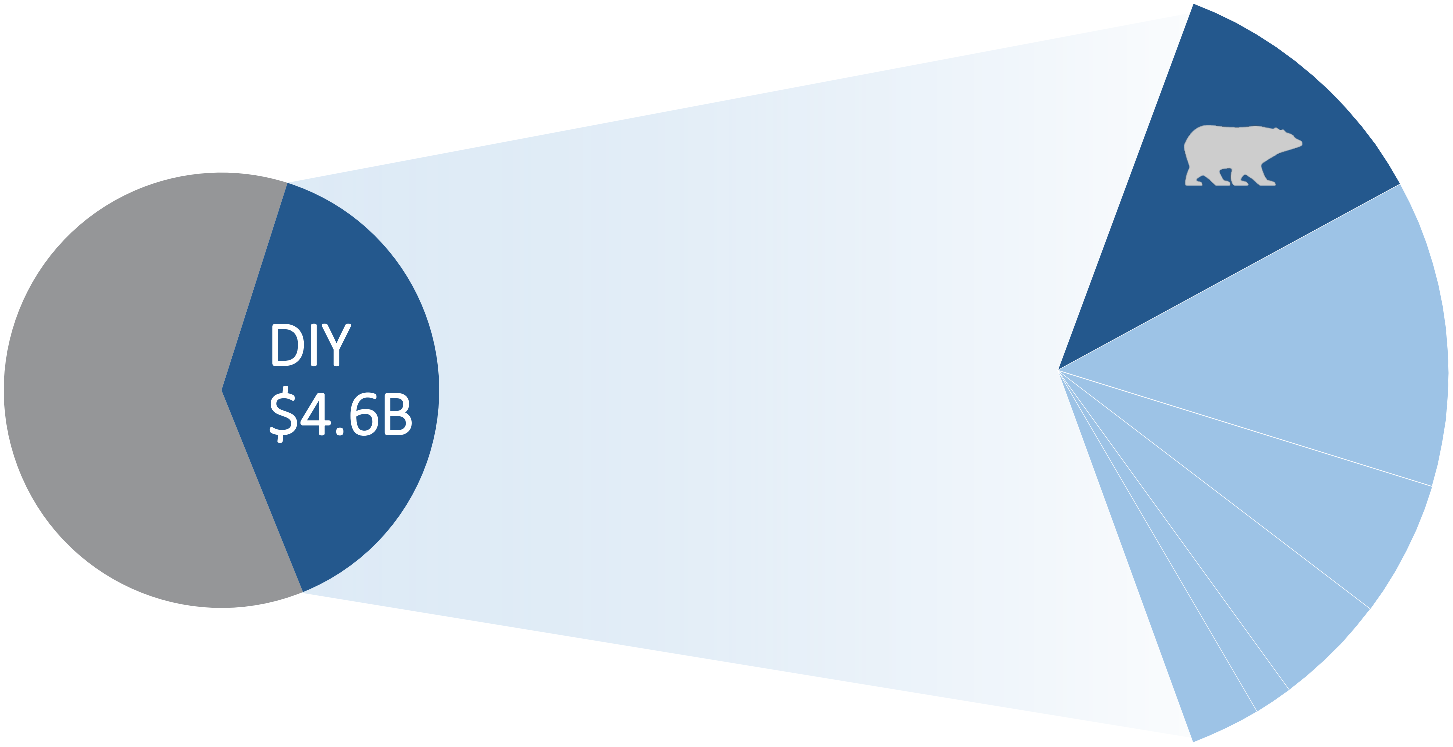
2 Drive PRO growth

3 Grow adjacencies

Extend DIY Leadership

#1 DIY brand

U.S. DIY MARKET – $4.6B (2018)



Source: Company estimates.

DIY Growth

Improve shopping experience to drive increased conversion

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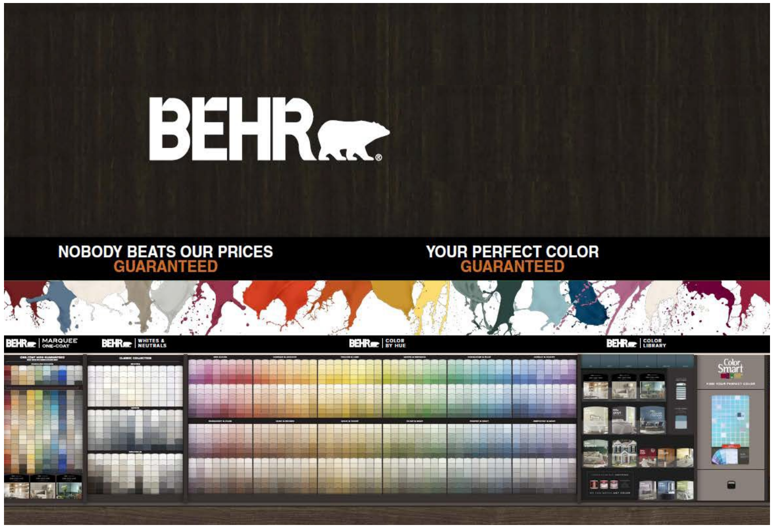
Creating Inspiration

Simplifying Shopping Process

Driving Conversion



DIY Growth

Continue to invest in innovation leadership

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Coatings – Growth Strategy

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1 Extend DIY leadership

2 Drive PRO growth

3 Grow adjacencies

PRO Market

Remains large growth opportunity

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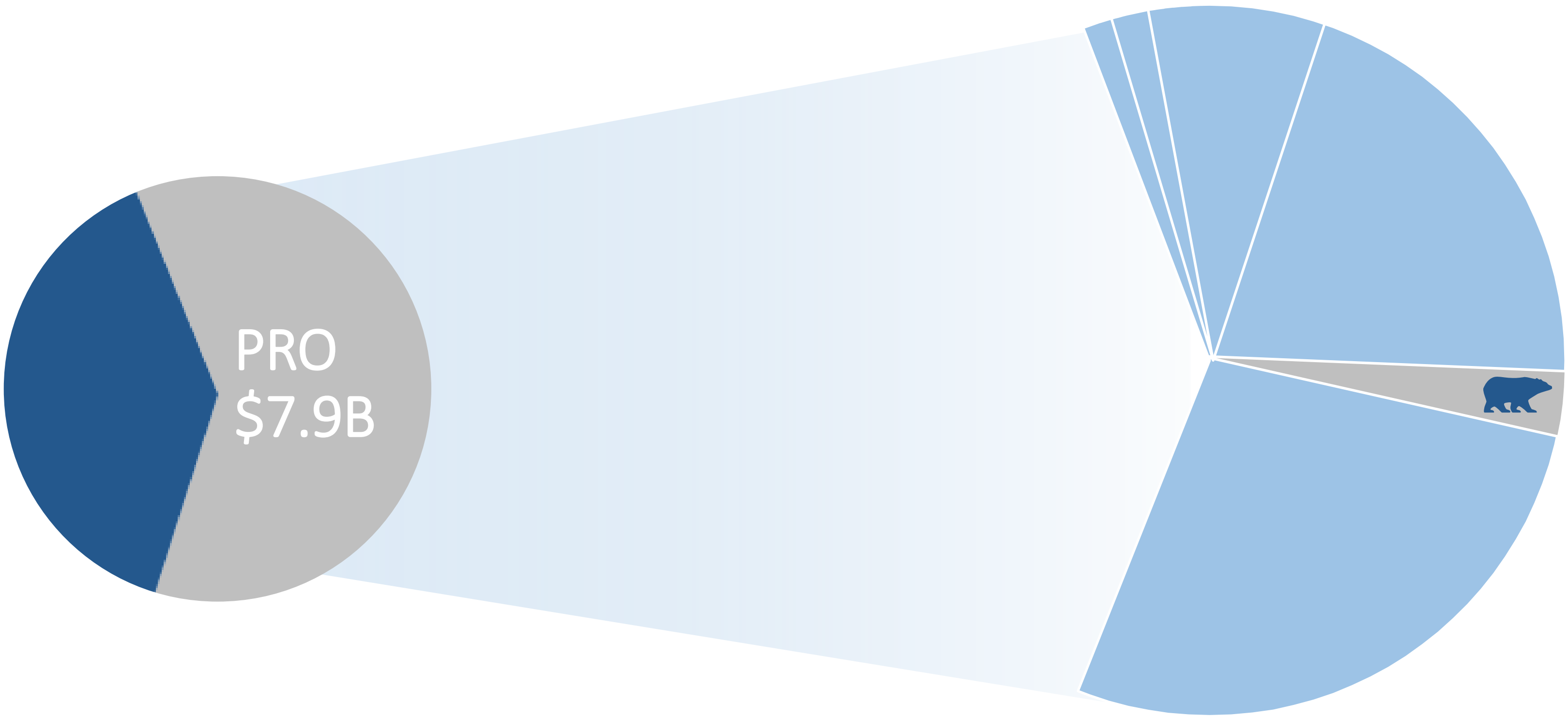
U.S. PRO MARKET – $7.9B (2018)



Source: Company estimates.

PRO Growth

Gain share with the PRO with the right products, services and support

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PRO-CENTRIC PRODUCTS

PRO SERVICES

PRO SALES SUPPORT

Coatings – Growth Strategy

MASCO

1 Extend DIY leadership

2 Drive PRO growth

3 Grow adjacencies

Grow Adjacencies
Leveraging brands, channels and end-user loyalty

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Core Products

Extend into New Adjacencies

Agenda

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Segment Overview

Lighting Category

Coatings Category

Future Outlook

Q&A

Keith Allman, Jai Shah, Jeff Filley

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Financial Overview

JOHN SZNEWAJS
CHIEF FINANCIAL OFFICER

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Agenda

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The Business Today – Pro Forma

Repair and Remodel Fundamentals

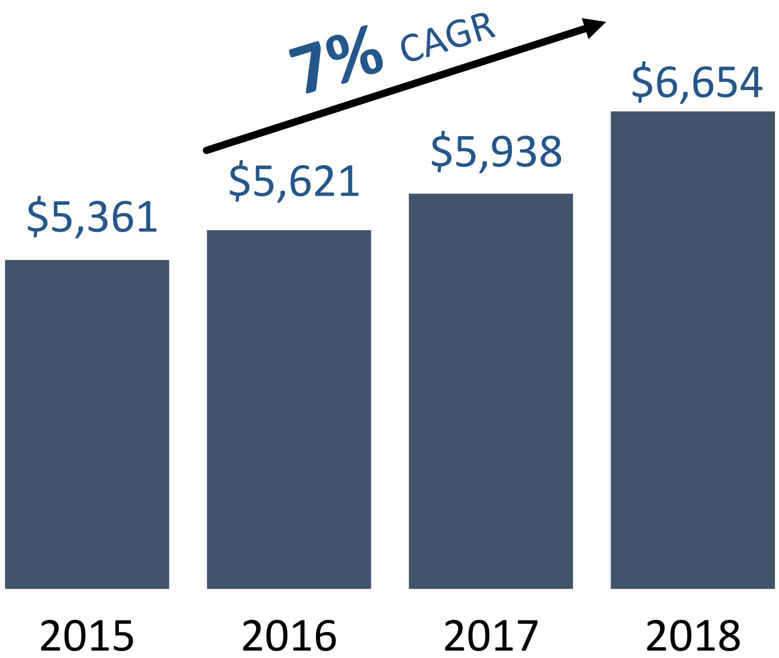
Future Outlook

Capital Allocation

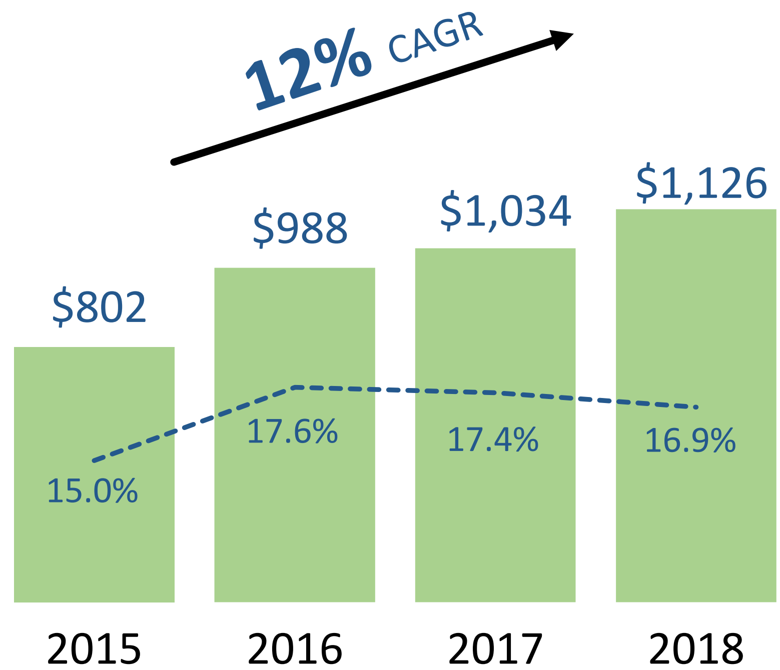
Pro Forma Financial Performance

Plumbing and Decorative Architecture demonstrate strong results

NET SALES[1] ($M)



ADJUSTED OPERATING PROFIT[1] ($M)



2018 Pro Forma adjusted EPS[1] of $2.16 versus $2.50

1. See Appendix for GAAP reconciliation.

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The Business Today – Pro Forma

Repair and Remodel Fundamentals

Future Outlook

Capital Allocation

Home Prices Continue to Appreciate

Strong correlation with repair and remodel spending

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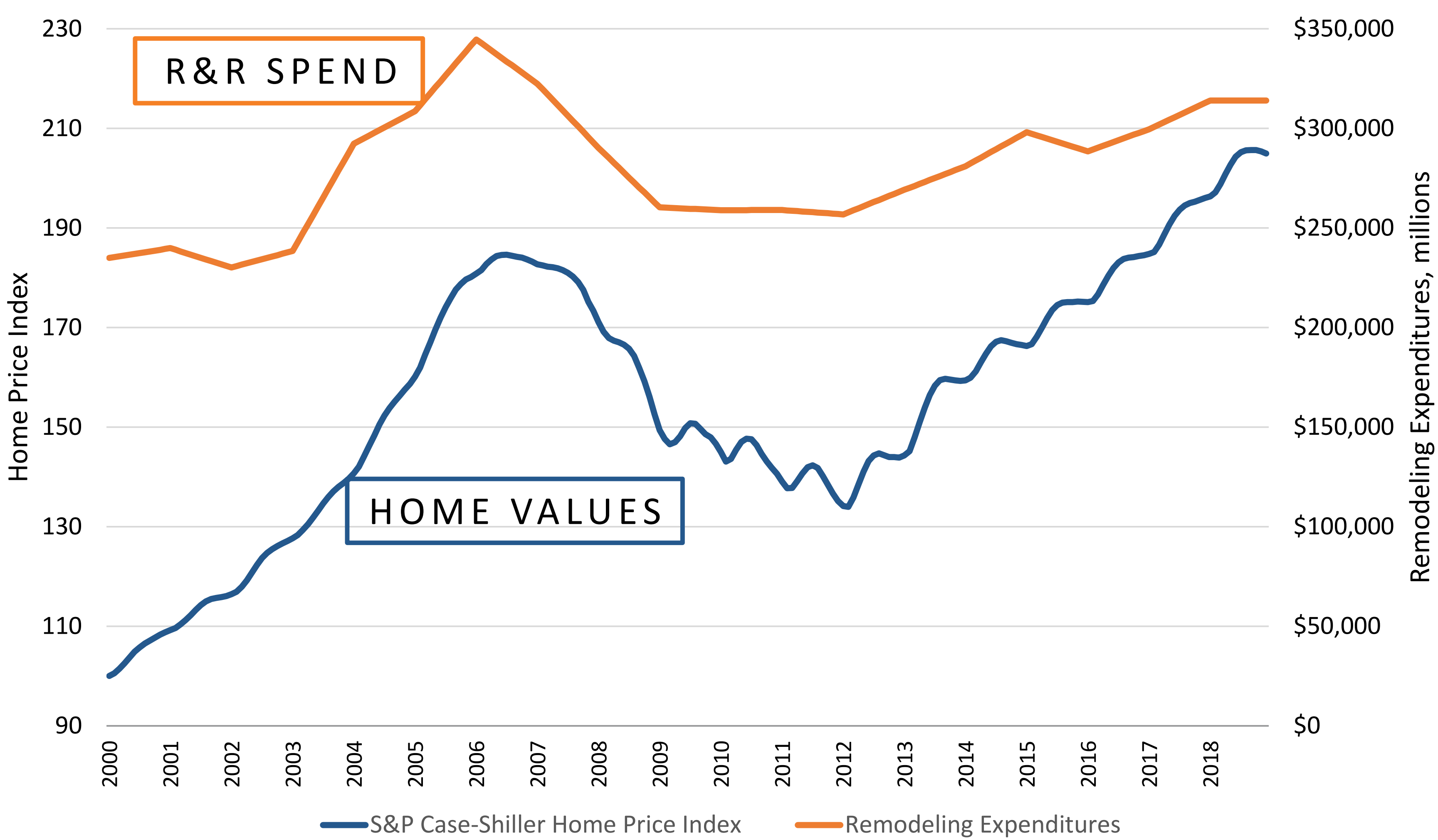

Source: S&P/Case-Shiller U.S. National Home Price Index, Joint Center for Housing Studies Remodeling Expenditures.

Average Age of Housing Stock Increasing

Repair and remodel spend increases with older homes

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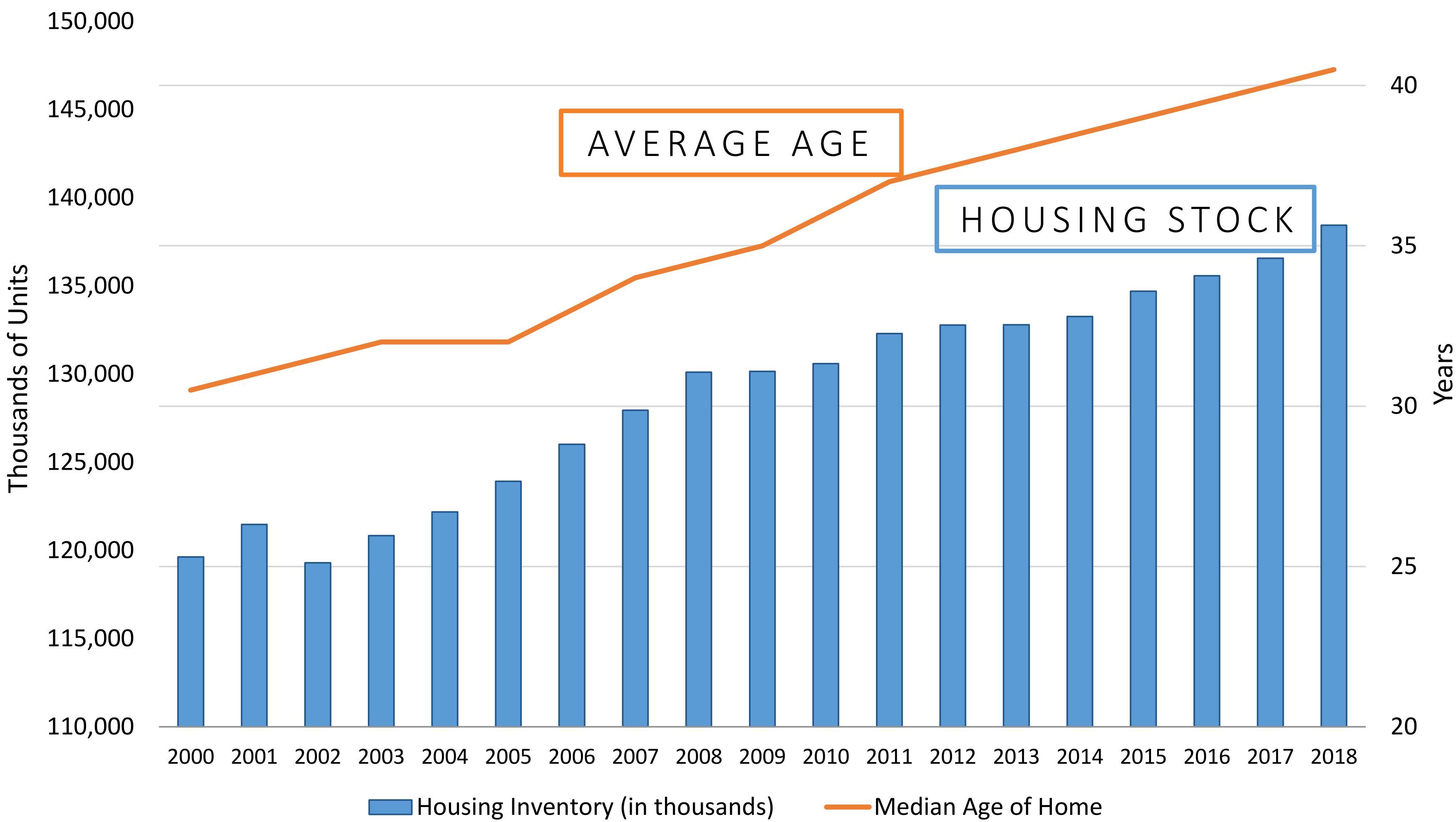
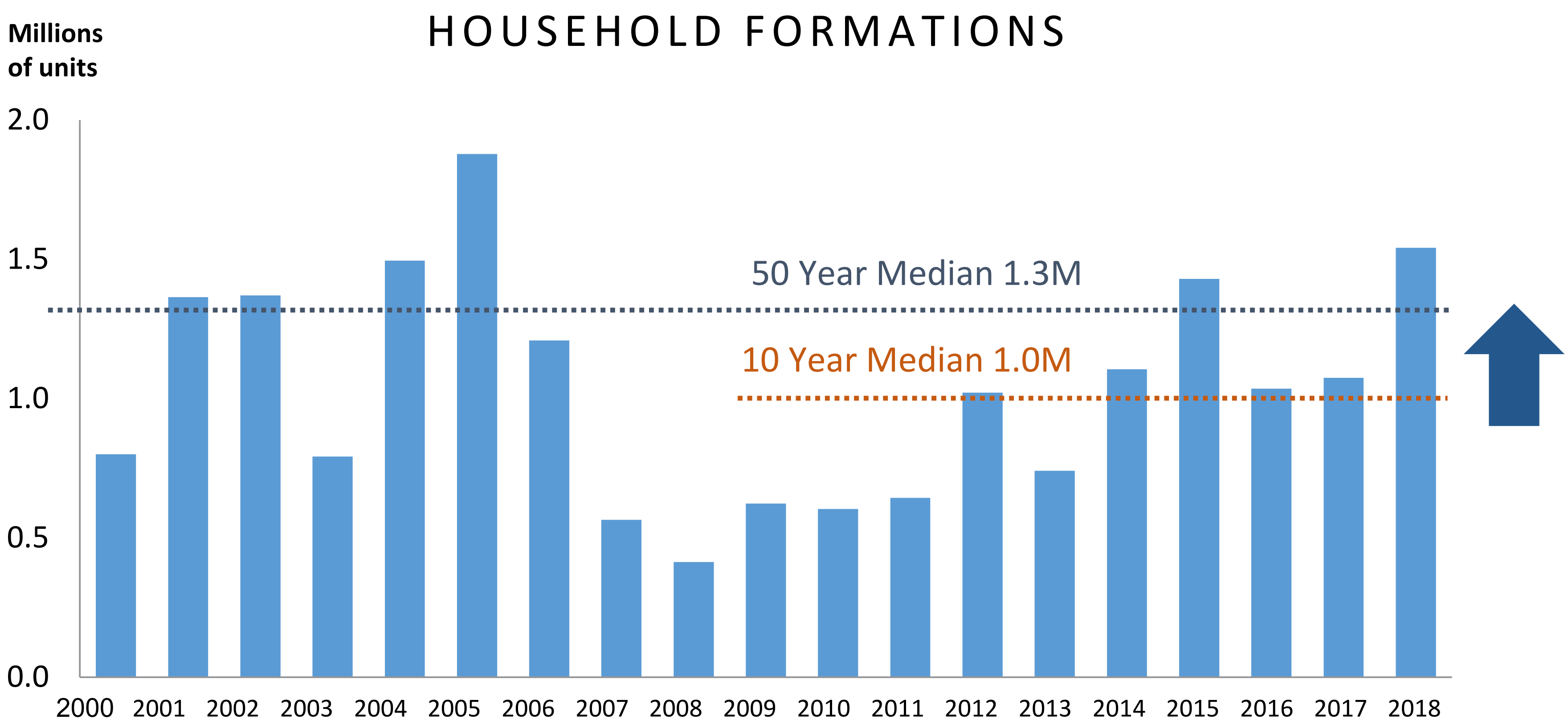


Source: US Census Bureau American Housing Survey (years 2001-2017), Housing Vacancy & Homeownership Survey, and John Burns Real Estate Consulting.

Household Formations Accelerating

Younger home buyers are 50% more likely to take on DIY projects



12M new households expected 2018-2028, an average of 1.2M per year

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

Existing Home Sales Remains Healthy

Recent moderation could improve with lower interest rates

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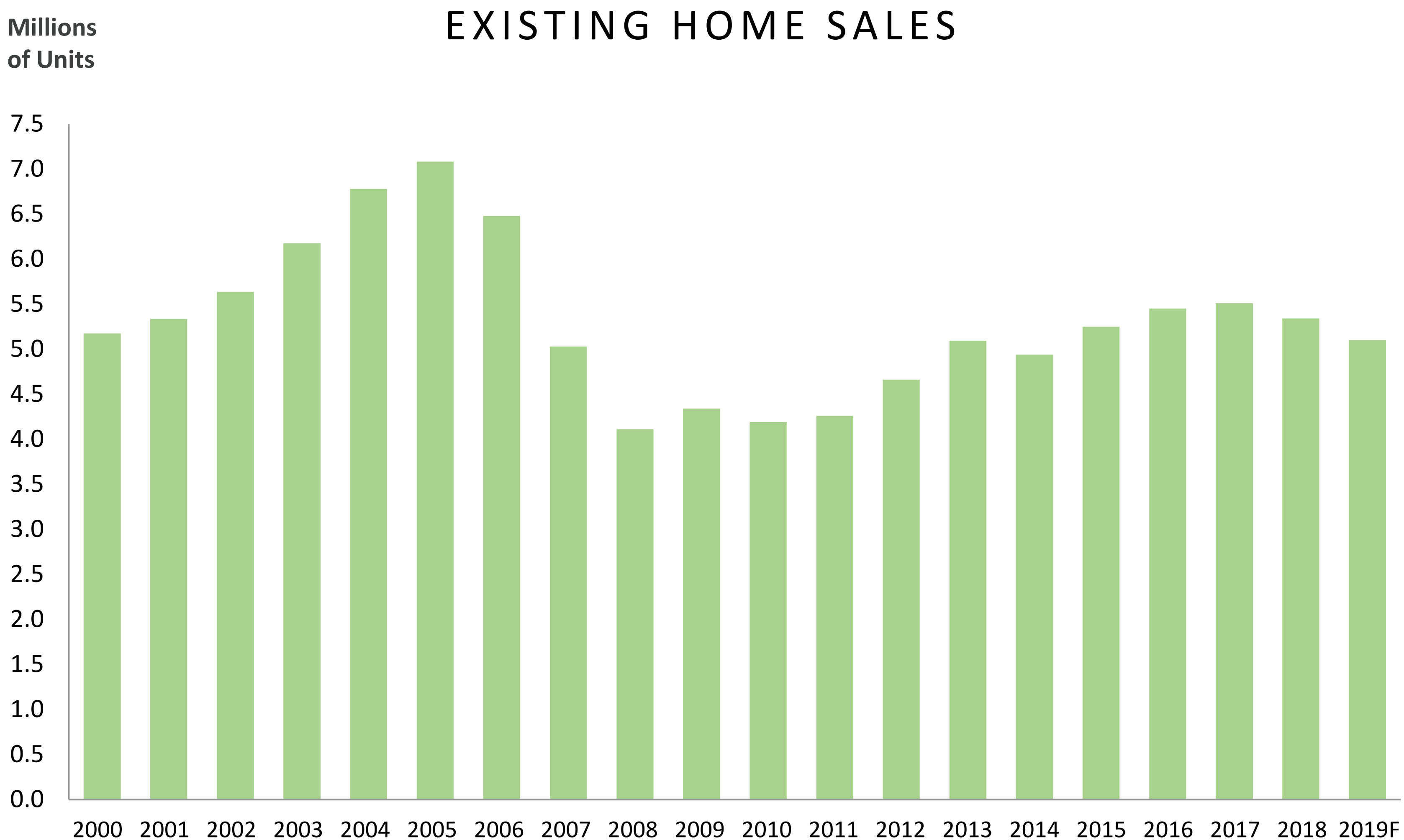

Source: National Association of Realtors, John Burns Real Estate Consulting.

Consumer Confidence is High

Repair and remodel spend driven by health of the consumer

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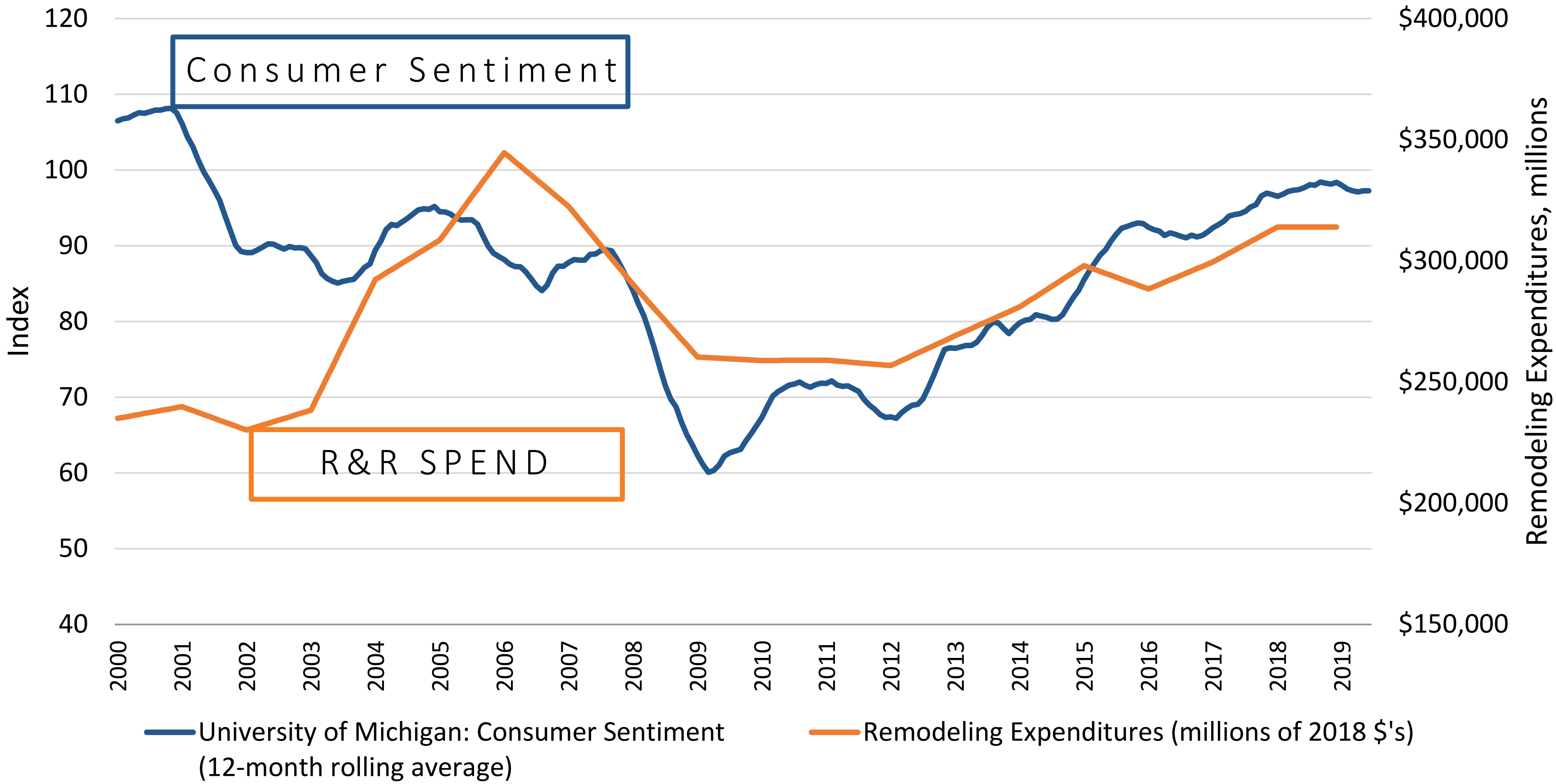
CONSUMER SENTIMENT VS. REMODELING SPEND



Source: University of Michigan Consumer Sentiment, Harvard Joint Center for Housing Studies.

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The Business Today – Pro Forma

Repair and Remodel Fundamentals

Future Outlook

Capital Allocation

Exposure to Tariffs on Chinese Imports

Actively executing on near and long-term counter measures

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Segment	List 3	List 4	Total
	IMPORTS FROM CHINA SUBJECT TO TARIFFS[1] *(Approximate $ in Millions)*		
Plumbing Products	$325	$200	$525
Decorative Architectural Products	$200	$100	$300
Total imports subject to tariffs	**$525**	**$300**	**$825**
Total operating profit impact prior to mitigation[1]	**$158**	**$45**	**$203**

Near-term mitigating actions

- Price
- Cost out opportunities
- Supplier negotiations

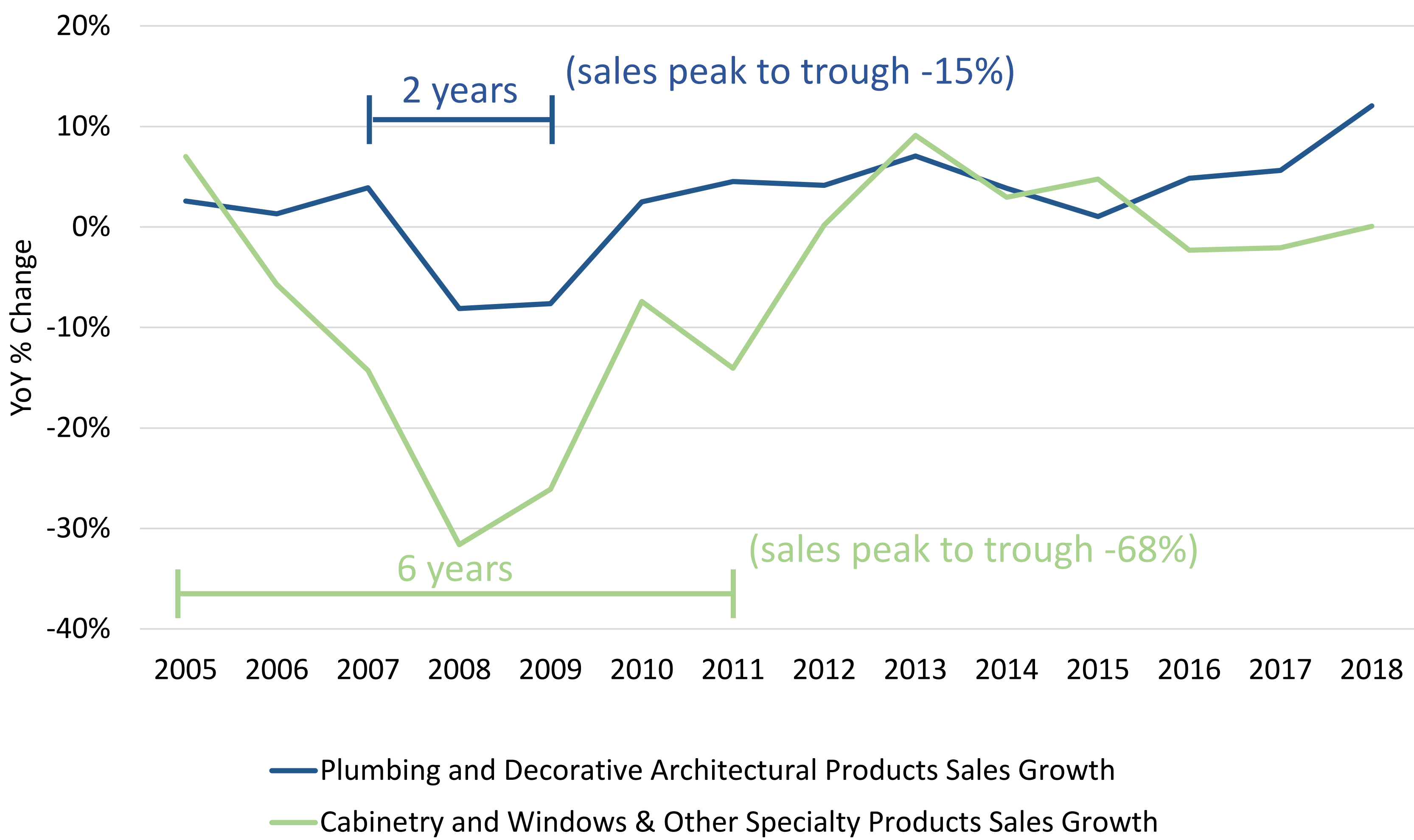
Long-term mitigating actions

- Sourcing alternatives
- Domestic production

1. Assumes List 3 tariffs at 30% and List 4 at 15%.

Historical Sales Performance

Pro Forma sales considerably more stable through a cycle



Performance Through a Cycle

Masco better positioned for resilient performance

MASCO

- **Improved portfolio**
  Lower ticket and repair oriented products
- **Efficient fixed cost structure**
  No significant capacity additions since 2008 recession
- **Strong free cash flow**
  Lower capex and working capital offsets volume declines
- **Shift to DIY activity during times of economic softening**

Agenda

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The Business Today – Pro Forma

Repair and Remodel Fundamentals

Future Outlook

Capital Allocation

Capital Allocation Strategy

Balanced approach to continue to drive shareholder value

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1

Reinvest in the business

- Capex: 2-2.25% of sales
- Working capital: ~16.5% of sales

2

Maintain investment grade credit rating

- Gross debt to EBITDA below 2.5x

3

Maintain relevant dividend

- Dividend payout ratio of ~20%, with annual increases

4

Deploy excess free cash flow to share repurchase or acquisitions

- Consistently in the market for share repurchase, but opportunistic
- New share repurchase authorization of $2.0 billion for deployment of planned divestiture proceeds and annual excess free cash flow
- Select bolt-on acquisitions

Masco Corporation Investor Day

KEITH ALLMAN

PRESIDENT AND CHIEF EXECUTIVE OFFICER

MASCO

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MASCO

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Key Messages
Competitive advantages to deliver consistent performance

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1. Continue to deliver against commitments

2. Stronger portfolio for above market growth and resilience

3. Balanced approach to allocation of substantial free cash flow to continue to drive shareholder value


Q&A

Keith Allman and John Sznewajs

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Appendix



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Pro Forma Balance Sheet

As of December 31, 2018

MASCO

$M

Assets	**Dec. 31, 2018 As Reported**	**Pro Forma Held for Sale**	**Pro Forma**
Current Assets:			
Cash and Cash Investments	$559	$(7)	$552
Receivables	1,153	(164)	989
Inventories	946	(148)	798
Prepaid Expenses and Other	108	(24)	84
Current Assets Held for Sale	-	343	343
Total Current Assets	2,766	-	2,766
Property and Equipment, Net	1,223	(338)	885
Operating Lease Right of Use Assets	-	-	-
Goodwill	898	(387)	511
Other Intangible Assets, Net	406	(118)	288
Other Assets	100	(11)	89
Assets Held for Sale	-	854	854
Total Assets	**$5,393**	**$-**	**$5,393**

Liabilities	**Dec. 31, 2018 As Reported**	**Pro Forma Held for Sale**	**Pro Forma**
Current Liabilities:			
Accounts Payable	$926	$(190)	$736
Notes Payable	8	-	8
Accrued Liabilities	750	(110)	640
Current Liabilities Held for Sale	-	300	300
Total Current Liabilities	1,684	-	1,684
Long-Term Debt	2,971	-	2,971
Other Liabilities	669	(120)	549
Liabilities Held for Sale	-	120	120
Total Liabilities	**5,324**	**-**	**5,324**
Shareholders' Equity	**69**	**-**	**69**
Total Liabilities and Shareholders' Equity	**$5,393**	**$-**	**$5,393**

Pro Forma Balance Sheet

As of June 30, 2019

MASCO

$M

Assets	**June 30, 2019 As Reported**	**Pro Forma Held for Sale**	**Pro Forma**
Current Assets:			
Cash and Cash Investments	$325	$(7)	$318
Receivables	1,423	(198)	1,225
Inventories	975	(146)	829
Prepaid Expenses and Other	120	(25)	95
Current Assets Held for Sale	-	376	376
Total Current Assets	2,843	-	2,843
Property and Equipment, Net	1,212	(338)	874
Operating Lease Right of Use Assets	228	(43)	185
Goodwill	891	(381)	510
Other Intangible Assets, Net	387	(118)	269
Other Assets	92	(11)	81
Assets Held for Sale	-	891	891
Total Assets	**$5,653**	**$-**	**$5,653**

Liabilities	**June 30, 2019 As Reported**	**Pro Forma Held for Sale**	**Pro Forma**
Current Liabilities:			
Accounts Payable	$1,023	$(205)	$818
Notes Payable	231	-	231
Accrued Liabilities	699	(111)	588
Current Liabilities Held for Sale	-	316	316
Total Current Liabilities	1,953	-	1,953
Long-Term Debt	2,771	-	2,771
Other Liabilities	858	(152)	706
Liabilities Held for Sale	-	152	152
Total Liabilities	**5,582**	**-**	**5,582**
Shareholders' Equity	**71**	**-**	**71**
Total Liabilities and Shareholders' Equity	**$5,653**	**$-**	**$5,653**

2019 EPS Outlook Reconciliation

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	2019		
	Low End	Midpoint	High End
Net income per common share	**$2.51**	**$2.56**	**$2.61**
Rationalization charges	0.02	0.02	0.02
Impairment charges for goodwill and other intangible assets	0.04	0.04	0.04
Professional fees related to potential divestitures	0.03	0.03	0.03
Allocation to participating securities per share (1)	0.02	0.02	0.02
Net income per common share, as adjusted	**$ 2.62**	**$2.67**	**$2.72**

(1) Represents the impact of distributed dividends and undistributed earnings to unvested restricted stock awards in accordance with the two-class method of calculating earnings per share.

EPS Reconciliation
Full Year 2016

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(in Millions, Except per Common Share Data)		2016
Income before income taxes, as reported	**$**	**832**
Rationalization charges		22
(Gains) from private equity funds, net		(5)
(Earnings) from equity investments, net		(2)
(Gain) from auction rate securities		(3)
Loss from other investments		3
Income before income taxes, as adjusted	**$**	**847**
Tax at 36% rate		(305)
Less: Net income attributable to noncontrolling interest		43
Net income, as adjusted	**$**	**499**
Net income per common share, as adjusted	**$**	**1.51**
Average diluted common shares outstanding		330

EPS Reconciliation
Full Year 2018

(in Millions, Except per Common Share Data)		2018
Income before income taxes, as reported	**$**	**1,042**
Rationalization charges		14
Kichler inventory step up adjustment		40
(Gains) from private equity funds, net		(1)
(Earnings) from equity investments, net		(3)
Income before income taxes, as adjusted	**$**	**1,092**
Tax at 25% rate		(273)
Less: Net income attributable to noncontrolling interest		50
Net income, as adjusted	**$**	**769**
Net income per common share, as adjusted	**$**	**2.50**
Average diluted common shares outstanding		307

Pro Forma EPS Reconciliation

Full Year 2018

MASCO

(in Millions, Except per Common Share Data)		2018
Income before income taxes, as reported	**$**	**1,042**
Less: Cabinetry Products		95
Less: Windows and Other Specialty Products		40
Pro forma income before income taxes	**$**	**907**
Rationalization charges		9
Kichler inventory step up adjustment		40
(Gains) from private equity funds, net		(1)
(Earnings) from equity investments, net		(3)
Pro forma income before income taxes, as adjusted	**$**	**952**
Tax at 25% rate		(238)
Less: Net income attributable to noncontrolling interest		50
Pro forma net income, as adjusted	**$**	**664**
Pro forma net income per common share, as adjusted	**$**	**2.16**
Average diluted common shares outstanding		307

Free Cash Flow Reconciliation

2018, 2017 and 2016

MASCO

	2018	2017	2016
Net cash from operating activities	**$ 1,032**	**$ 751**	**$ 789**
Capital expenditures	(219)	(173)	(180)
Displays	(10)	(14)	(11)
Free cash flow	**$ 803**	**$ 564**	**$ 598**
Net income	**$ 784**	**$ 580**	**$ 536**
Free cash flow conversion rate	**102%**	**97%**	**112%**

Net Sales and Operating Profit Reconciliations
2018, 2017, 2016, and 2015

MASCO

($ in Millions)	2018	2017	2016	2015
Net sales, as reported	**$ 8,359**	**$ 7,642**	**$ 7,361**	**$ 7,142**
Less: Cabinetry Products	950	934	970	1,025
Less: Windows and Other Specialty Products	755	770	770	756
Pro forma net sales	**$ 6,654**	**$ 5,938**	**$ 5,621**	**$ 5,361**
Operating profit, as reported	**$ 1,211**	**$ 1,194**	**$ 1,087**	**$ 914**
Add: Rationalization charges	14	4	22	18
Add: Kichler inventory step up adjustment	40	-	-	-
Add: (Gain) on sale of property and equipment	-	-	-	(5)
Operating profit, as adjusted	**$ 1,265**	**$ 1,198**	**$ 1,109**	**$ 927**
Less: Cabinetry Products	86	92	97	51
Less: Windows and Other Specialty Products	34	54	(3)	57
Less: Rationalization charges related to potential divestitures	5	2	9	5
Less: (Gain) on sale of property and equipment	-	-	-	(5)
Less: Pro forma incremental unallocated general corporate expenses	14	16	18	17
Pro forma operating profit, as adjusted	**$ 1,126**	**$ 1,034**	**$ 988**	**$ 802**
Operating margin, as reported	14.5%	15.6%	14.8%	12.8%
Operating margin, as adjusted	15.1%	15.7%	15.1%	13.0%
Pro forma operating margin, as adjusted	16.9%	17.4%	17.6%	15.0%

EBITDA Reconciliations
2018, 2017, and 2016

MASCO

($ in Millions)	2018	2017	2016
Operating profit, as adjusted	**$ 1,265**	**$ 1,198**	**$ 1,109**
Add: Depreciation and amortization	154	126	130
EBITDA, as adjusted	**$ 1,419**	**$ 1,324**	**$ 1,239**
EBITDA margin, as adjusted	17.0%	17.3%	16.8%