Masco Corporation
First Quarter 2018 Earnings Presentation

April 24, 2018

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 “outlook,” “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 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, 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, 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, our ability to achieve the anticipated benefits from our investments in new technology, risks associated with our reliance on information systems and technology, and our ability to sustain the improved results of our U.S. window business. 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 Q1 2018 Results

MASCO

Topic	
• Summary of Results	Keith Allman
• Financial/Operations Review	John Sznewajs
• Q&A	

Continued Execution on Strategy Fuels Solid Start to 2018

MASCO

Driving Shareholder Value

- Top-line growth driven by Plumbing and Decorative Architectural segments, and our North American Windows business
- Bottom line impacted by growth investments in Plumbing and Cabinetry segments
- Completed acquisition of Kichler Lighting
- Repurchased 3.7 million shares for $150 million
- Affirming anticipated annual earnings in the range of $2.48 to $2.63 per share

Masco Q1 2018 Results

MASCO

Topic	
• Summary of Results	Keith Allman
• Financial/Operations Review	John Sznewajs
• Q&A	

Strong Sales and Earnings Per Share Growth

MASCO

($ in Millions)	First Quarter 2018
Revenue Y-O-Y Change	$1,920 8%
Operating Profit* Y-O-Y Change	$250 ($9)
Operating Margin* Y-O-Y Change	13.0% (160) bps
Adjusted EPS* Y-O-Y Change	$0.45 13%

**See Appendix for GAAP reconciliation.*

Quarter Highlights

- Total company sales increased 5% excluding the impacts of FX, acquisitions and divestitures
- In local currency, North American sales increased 7% or increased 5% excluding acquisitions and divestitures
- In local currency, International sales decreased 2% or increased 2% excluding divestiture
- FX favorably impacted sales by approximately $49 million
- Operating profit impacted by approximately $30 million of strategic growth investments and a lag in price/cost

Strong Demand in North America Drives Top-Line Growth

MASCO

($ in Millions)	First Quarter 2018
Revenue Y-O-Y Change	$971 11%
Operating Profit* Y-O-Y Change	$164 $2
Operating Margin* Y-O-Y Change	16.9% (170) bps

**Excludes business rationalization charges for the first quarter of 2018 of $1 million.*

Quarter Highlights

- Total segment sales increased by 6% excluding the effects of foreign currency translation
- In local currency, North American sales increased 8% and international sales increased 3%
- FX favorably impacted sales by approximately $43 million
- Operating profit impacted by approximately $20 million of strategic growth investments and a lag in price/cost

Acquisition of Kichler Contributes to Sales Performance

MASCO

($ in Millions)	First Quarter 2018
Revenue Y-O-Y Change	$545 10%
Operating Profit* Y-O-Y Change	$94 ($0)
Operating Margin* Y-O-Y Change	17.2% (180) bps

**Excludes Kichler inventory step up adjustment for the first quarter of 2018 of $5 million.*

Quarter Highlights

- Top-line performance driven by Kichler acquisition (closed March 9, 2018) and continued strong growth in Behr's pro initiative
- Excluding Kichler, sales grew 4%
- Operating profit impacted by approximately $5 million of increased variable expenses and strategic growth investments

Strong Growth in Repair and Remodel Business

MASCO

($ in Millions)	First Quarter 2018
Revenue Y-O-Y Change	$217 (6%)
Operating Profit Y-O-Y Change*	$6 ($12)
Operating Margin Y-O-Y Change*	2.8% (500) bps

**Excludes business rationalization charges for the first quarter of 2017 of $2 million.*

Quarter Highlights

- Segment sales decreased 1% excluding the divestiture of Moores
- Repair and remodel business achieved mid-single digit growth
- Operating profit impacted by investment spend of approximately $10 million due to the roll out of the Cardell® cabinetry program at Menards

Milgard Windows Achieves Outstanding Top-Line Growth

MASCO

($ in Millions)	First Quarter 2018
Revenue Y-O-Y Change	$187 4%
Operating Profit Y-O-Y Change	$4 ($4)
Operating Margin Y-O-Y Change	2.1% (240) bps

Quarter Highlights

- Segment sales increased 12% excluding the divestiture of Arrow Fastener
- Milgard Windows achieved mid-teens sales growth
- Operating profit impacted by Arrow divestiture and restructuring costs in our UK window operation

Strong Balance Sheet

MASCO

Liquidity as of 3/31/2018	
Cash and cash investments	$0.4B
Short-term bank deposits	$0.1B
Total	**$0.5B**

Disciplined Capital Allocation

- Repurchased approximately 3.7 million shares in Q1 for $150 million
- Repatriated approximately $425 million to partially fund Kichler acquisition
- Achieved investment grade rating by Moody's

Masco Q1 2018 Results

MASCO

Topic	
• Summary of Results	Keith Allman
• Financial/Operations Review	John Sznewajs
• Q&A	

Q&A

Appendix

Appendix – Profit Reconciliations – First Quarter

MASCO

($ in Millions)	Q1 2018	Q1 2017
Net sales	**$ 1,920**	**$ 1,778**
Gross profit, as reported	**$ 619**	**$ 605**
Rationalization charges	1	2
Kichler inventory step up adjustment	5	-
Gross profit, as adjusted	**$ 625**	**$ 607**
Gross margin, as reported	*32.2%*	*34.0%*
Gross margin, as adjusted	*32.6%*	*34.1%*
Selling, general and administrative expenses, as reported	**$ 375**	**$ 348**
Selling, general and administrative expenses as percent of net sales, as reported	*19.5%*	*19.6%*
Operating profit, as reported	**$ 244**	**$ 257**
Rationalization charges	1	2
Kichler inventory step up adjustment	5	-
Operating profit, as adjusted	**$ 250**	**$ 259**
Operating margin, as reported	*12.7%*	*14.5%*
Operating margin, as adjusted	*13.0%*	*14.6%*

Appendix – EPS Reconciliation – First Quarter

MASCO

(in Millions, Except per Common Share Data)	Q1 2018		Q1 2017	
Income before income taxes, as reported	**$**	**200**	**$**	**210**
Rationalization charges		1		2
Kichler inventory step up adjustment		5		-
(Gains) from private equity funds, net		-		(1)
Income before income taxes, as adjusted	**$**	**206**	**$**	**211**
Tax at 26% rate (34% for 2017)		(54)		(72)
Less: Net income attributable to noncontrolling interest		12		10
Net income, as adjusted	**$**	**140**	**$**	**129**
Net income per common share, as adjusted	**$**	**0.45**	**$**	**0.40**
Average diluted common shares outstanding		313		321

Appendix – EPS Reconciliation – Remaining 2017 Periods

MASCO

(in Millions, Except per Common Share Data)	Q2 2017	Q3 2017	Q4 2017	Full Year 2017
Income before income taxes, as recasted	**$ 262**	**$ 264**	**$ 148**	**$ 884**
Rationalization charges	-	1	1	4
(Gains) from private equity funds, net	(1)	-	(1)	(3)
(Earnings) from equity investments, net	(1)	-	-	(1)
Impairment of private equity funds	-	2	-	2
Loss on extinguishment of debt	107	-	-	107
(Gain) loss on sales of businesses, net	(49)	(2)	64	13
Income before income taxes, as adjusted	**$ 318**	**$ 265**	**$ 212**	**$ 1,006**
Tax at 34% rate	(108)	(90)	(72)	(342)
Less: Net income attributable to noncontrolling interest	13	12	12	47
Net income, as adjusted	**$ 197**	**$ 163**	**$ 128**	**$ 617**
Net income per common share, as recasted and adjusted	**$ 0.62**	**$ 0.52**	**$ 0.41**	**$ 1.94**
Average diluted common shares outstanding	319	316	314	318

Appendix – 2018 EPS Outlook Reconciliation

MASCO

	Twelve Months Ended December 31, 2018 Low End	Twelve Months Ended December 31, 2018 High End
Net income per common share	**$ 2.36**	**$ 2.51**
Rationalization charges	0.01	0.01
Kichler inventory step up adjustment	0.09	0.09
Allocation to participating securities per share (1)	0.02	0.02
Net income per common share, as adjusted	**$ 2.48**	**$ 2.63**

(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.

2017 RESTATEMENTS
Reflecting impact of revenue recognition and pension accounting changes

MASCO

($ in Millions, except EPS)

2017 NET SALES, as recasted	Q1	Q2	Q3	Q4	Full Year
Plumbing Products	$872	$949	$950	$961	$3,732
Decorative Architectural Products	496	661	562	487	2,206
Cabinetry Products	231	251	229	223	934
Windows & Other Specialty Products	179	205	204	182	770
Total Net Sales	$1,778	$2,066	$1,945	$1,853	$7,642

2017 OPERATING PROFIT, as recasted	Q1	Q2	Q3	Q4	Full Year
Plumbing Products	$162	$200	$175	$165	$702
Decorative Architectural Products	94	149	112	83	438
Cabinetry Products	16	31	20	25	92
Windows & Other Specialty Products	8	18	24	4	54
General Corporate Expense, Net	(23)	(26)	(22)	(21)	(92)
Total Operating Profit	$257	$372	$309	$256	$1,194

2017 EPS, as recasted and adjusted	Q1	Q2	Q3	Q4	Full Year
Net income per common share	$0.40	$0.62	$0.52	$0.41	$1.94

2018 Guidance Estimates

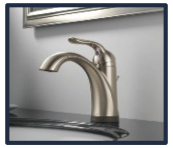
MASCO

($ in Millions)	2018 Estimate
Rationalization Charges	~ $5
Tax Rate	~ 26%
General Corporate Expense	~ $85
Interest Expense	~ $157
Increased 'Other expense' Due to Change in Pension Expense Accounting	~ $17
Capital Expenditures	~ $220
Depreciation & Amortization[1]	~ $160
Favorable Foreign Currency Translation Impact to Sales[2]	~ $135
Shares Repurchased	$200-300

1. Includes the impact of Kichler acquisition.
2. Based on rates as of March 31, 2018.

2017 Segment Mix*

MASCO

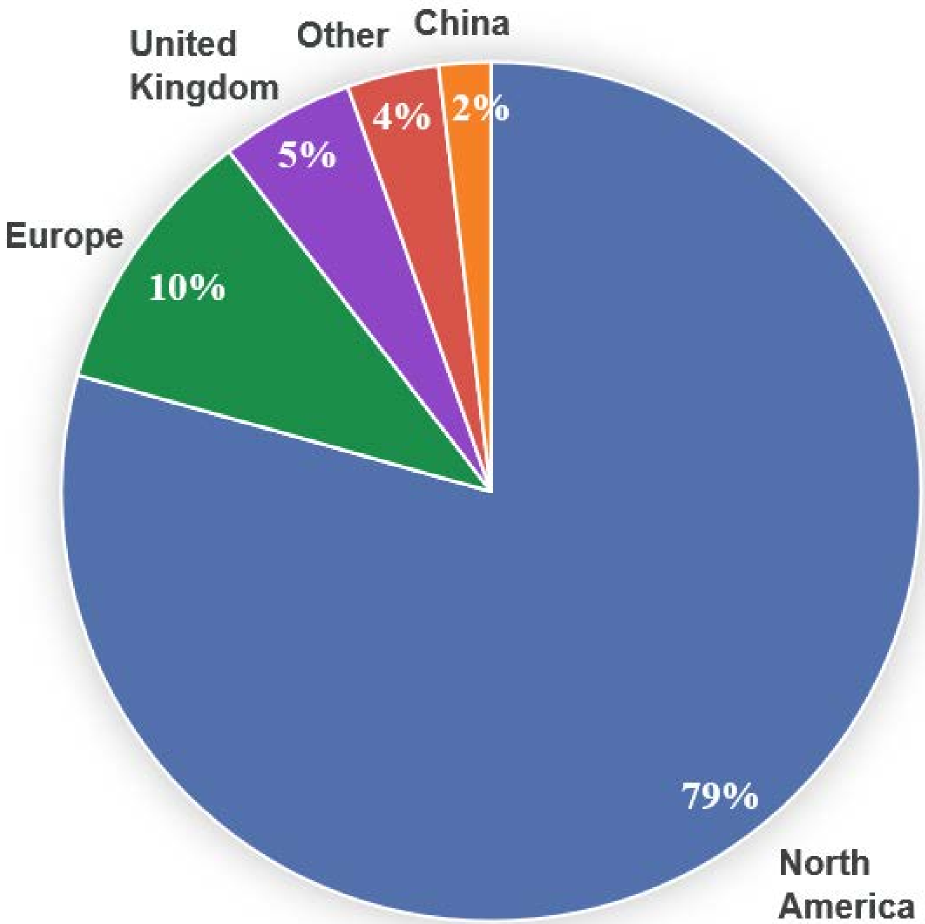
	Business Segment	Revenue 2017	% of Total	R&R% vs. NC	NA% vs. Int'l
	Plumbing Products	$3.7B	49%	83%	63%
	Decorative Architectural Products	$2.2B	29%	99%	100%
	Cabinetry Products	$0.9B	12%	65%	95%
	Windows and Other Specialty Products	$0.8B	10%	71%	79%
	Total Company	$ 7.6B	100%	84%	79%

R&R = % of sales to repair and remodel channels
NC = % of sales to new construction channels
NA = % of sales within North America
Int'l = % of sales outside North America

* Based on Company estimates

2017 Geographic Revenue Split*

MASCO



International Sales Accounted for ~21% of Total 2017 Masco Sales

*Based on Company estimates