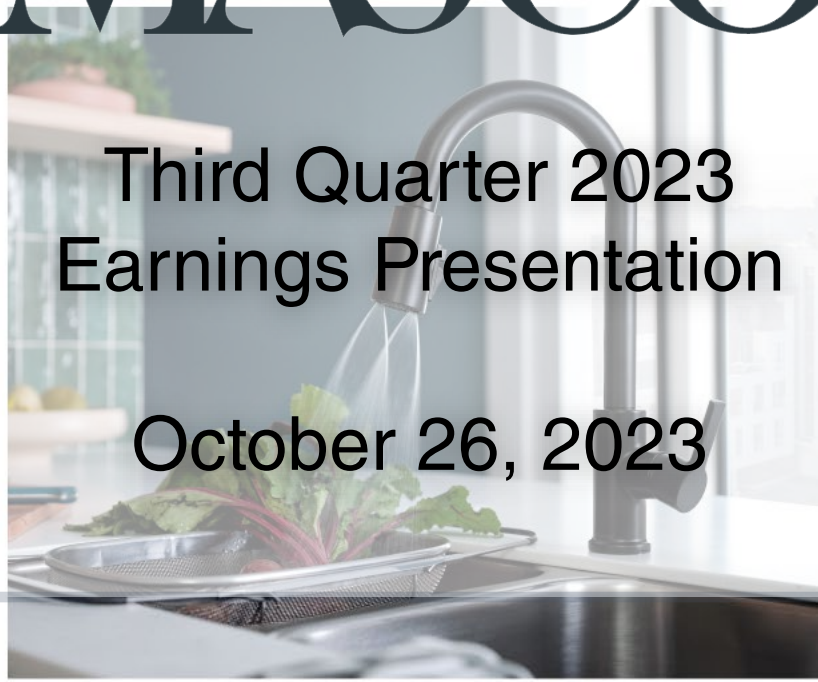




MASCO

Third Quarter 2023
Earnings Presentation

October 26, 2023



Safe Harbor Statement

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 to a lesser extent, new home construction, our ability to maintain our strong brands and to develop innovative products, our ability to maintain our public reputation, our ability to maintain our competitive position in our industries, our reliance on key customers, the cost and availability of materials, our dependence on suppliers and service providers, extreme weather events and changes in climate, risks associated with our 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 acquired and may in the future acquire, our ability to attract, develop and retain a talented and diverse workforce, risks associated with cybersecurity vulnerabilities, threats and attacks, risks associated with our reliance on information systems and technology and the impact of the ongoing COVID-19 pandemic on our business and operations. 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.



Agenda

- 1** Summary of Results Keith Allman
- 2** Financial/Operations Review David Chaika
- 3** Q&A Keith Allman
David Chaika

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Summary of Results

Keith Allman

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Q3 2023 Review

- ✓ Top line decreased 10% with lower volumes partially offset by pricing actions
- ✓ Grew adjusted gross margin 430 bps to 35.8%
- ✓ Expanded adjusted operating profit margin 170 bps to 17.6%
- ✓ Achieved adjusted EPS growth of 1% to \$1.00 per share
- ✓ Repurchased 0.8 million shares for \$45 million
- ✓ Completed the strategic bolt-on acquisition of Sauna360 Group Oy
- ✓ Raising anticipated full year adjusted EPS guidance to \$3.65 - \$3.75 per share from \$3.50 - \$3.65 per share





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Financial / Operations Review

David Chaika

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Masco Corporation

Quarter Highlights

- Total company sales decreased 10%, or 11% excluding the impact of currency
- In local currency, North American sales decreased 11%
- In local currency, international sales decreased 11%
- Operating profit impacted by lower volumes, mostly offset by a favorable price/cost relationship and cost savings initiatives

(\$ in Millions)	Third Quarter 2023
Revenue Y-O-Y Change	\$1,979 (10%)
Operating Profit* Y-O-Y Change	\$348 (\$3)
Operating Margin* Y-O-Y Change	17.6% 170 bps
Adjusted EPS* Y-O-Y Change	\$1.00 1%

Plumbing Products Segment

Quarter Highlights

- Total segment sales decreased 10%, or 11% excluding the impact of currency
- In local currency, North American sales decreased 11%
- In local currency, international sales decreased 11%
- Operating profit driven by a favorable price/cost relationship and cost savings initiatives, partially offset by lower volumes

(\$ in Millions)	Third Quarter 2023
Revenue Y-O-Y Change	\$1,191 (10%)
Operating Profit* Y-O-Y Change	\$225 \$5
Operating Margin* Y-O-Y Change	18.9% 230 bps



Decorative Architectural Products Segment

Quarter Highlights

- Total segment sales decreased 10%, or 11% excluding the impact of currency
- Revenue of paints and other coating products decreased high single digits
- PRO paint sales declined low single digits against a mid-teens comp
- DIY paint sales declined low double digits
- Operating profit impacted by lower volumes, partially offset by cost savings initiatives

(\$ in Millions)	Third Quarter 2023
Revenue Y-O-Y Change	\$788 (10%)
Operating Profit* Y-O-Y Change	\$144 (\$7)
Operating Margin* Y-O-Y Change	18.3% 110 bps

Strong Balance Sheet

Masco Corporation

Balance Sheet Metrics as of 9/30/2023

Cash and cash investments	\$560M
Revolver availability	<u>\$1,000M</u>
Total liquidity	\$1,560M
Net leverage ¹	1.7x
Working capital as a % of sales ¹	18.1%



Full Year 2023 Outlook

2023 Adjusted EPS \$3.65 – \$3.75

Business Segment	2023 Forecasted Sales Change	2023 Forecasted Adjusted Operating Profit Margin
Plumbing Products	(9-10%)	~17.5%
Decorative Architectural Products	(8-10%)	~17.5%
Total Masco	(~10%)	~16.5%



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Q&A

Keith Allman

David Chaika

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Appendix



2023 Estimates

Item	Assumption
Rationalization charges	~\$5m
Tax rate	24%
General corporate expense	~\$90m
Interest and other expense	~\$115m
Capital expenditures (includes maintenance capex of ~\$75m)	~\$250m
Depreciation and amortization ¹	~\$150m
Unfavorable foreign currency translation impact to sales ²	~\$10m
Share repurchase or acquisitions	~\$500m
Average diluted share count for 2023 (previously ~226m)	~227m
Working capital as a % of net sales	~16.5%
Free cash flow conversion	~110%

Capital Allocation Strategy

Balanced Approach to Continue to Drive Shareholder Value

1 Reinvest in the Business

- Capex: 2-2.5% of sales
- Working capital: ~16.5% of sales

2 Maintain investment grade credit rating

- Target gross debt to EBITDA below 2.5x

3 Maintain relevant dividend

- Current annual dividend of \$1.14 per share
- Target dividend payout ratio of ~30%

4 Deploy excess free cash flow to share repurchase or acquisitions

- Consistently in the market for share repurchase, but opportunistic
- Expect to deploy approximately \$500 million for share repurchase or acquisitions in 2023
- Select bolt-on acquisitions



Low ticket, repair and remodel products provide growth and stability through an economic cycle

Market-leading brands, history of innovation, customer focus



Strong free cash flow and value creating capital allocation

LONG-TERM OUTLOOK

Average annual sales growth

- Organic: ~3-5%
- Acquisition: ~1-3%

Operating margin

- Expand margins through cost productivity and volume leverage

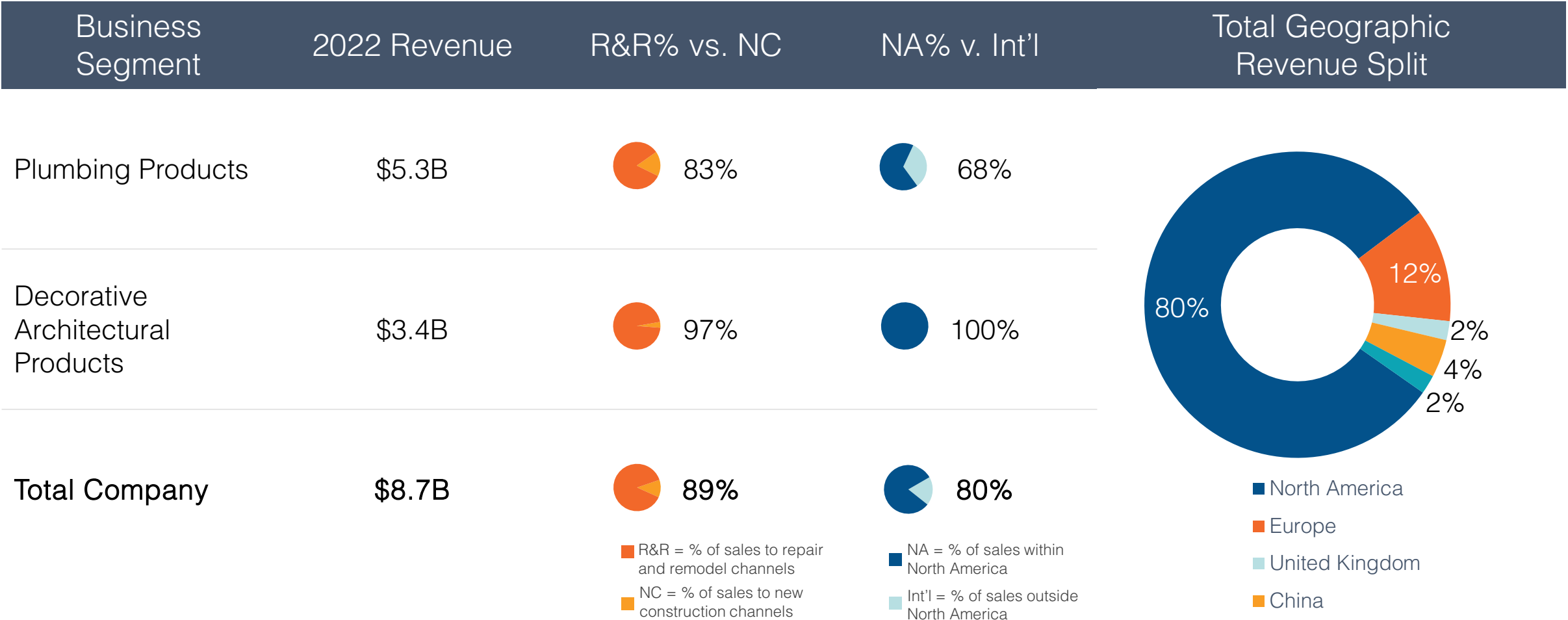
Capital deployment

- Share buybacks: ~2-4% EPS growth
- Dividends: ~1-2% return on top of EPS growth

Average annual EPS growth

- ~10%

2022 Segment Mix*



2022 Channel Mix*

2022 Channel Mix as a Percentage of Sales			
Channel	Plumbing Products	Decorative Architectural Products	Total Masco
Retail	21%	85%	47%
Wholesale/trade/dealer	51%	11%	34%
E-commerce	16%	4%	11%
Specialty Dealer/Other	12%	0%	8%

Profit Reconciliations – Third Quarter

(\$ in Millions)	Q3 2023	Q3 2022
Net sales	\$ 1,979	\$ 2,204
Gross profit, as reported	\$ 744	\$ 695
Rationalization charges	5	-
Insurance settlement (1)	(40)	-
Gross profit, as adjusted	\$ 709	\$ 695
Gross margin, as reported	37.6%	31.5%
Gross margin, as adjusted	35.8%	31.5%
Selling, general and administrative expenses, as reported	\$ 361	\$ 344
Selling, general and administrative expenses as percent of net sales, as reported	18.2%	15.6%
Operating profit, as reported	\$ 383	\$ 351
Rationalization charges	5	-
Insurance settlement (1)	(40)	-
Operating profit, as adjusted	\$ 348	\$ 351
Operating margin, as reported	19.4%	15.9%
Operating margin, as adjusted	17.6%	15.9%

(1) Represents income for the three months ended September 30, 2023 from the receipt of an insurance settlement payment.

EPS Reconciliation – Third Quarter

<i>(in Millions, Except per Common Share Data)</i>	Q3 2023	Q3 2022
Income before income taxes, as reported	\$ 346	\$ 310
Rationalization charges	5	-
Loss from equity investments, net	1	6
Insurance settlement (1)	(40)	-
Income before income taxes, as adjusted	<u>\$ 312</u>	<u>\$ 316</u>
Tax at 24% rate	(75)	(76)
Less: Net income attributable to noncontrolling interest	11	15
Net income, as adjusted	<u><u>\$ 226</u></u>	<u><u>\$ 225</u></u>
Net income per common share, as adjusted	<u><u>\$ 1.00</u></u>	<u><u>\$ 0.99</u></u>
Average diluted common shares outstanding	<u>226</u>	<u>227</u>

(1) Represents income for the three months ended September 30, 2023 from the receipt of an insurance settlement payment.

EPS Outlook Reconciliation

	2023	
	Low End	High End
Net income per common share	\$ 3.76	\$ 3.86
Rationalization charges	0.02	0.02
Insurance settlement (1)	(0.13)	(0.13)
Net income per common share, as adjusted	<u>\$ 3.65</u>	<u>\$ 3.75</u>

(1) Represents income from the receipt of an insurance settlement payment.

Net Leverage Reconciliation

<i>(\$ in Millions)</i>	September 30, 2023	
Debt	\$	3,012
Less: Cash and cash investments		(560)
Net Debt	\$	2,452

<i>(\$ in Millions)</i>	TTM September 30, 2023	
Operating profit, as reported	\$	1,286
Rationalization charges		26
Impairment charges for goodwill and other intangible assets		26
Insurance settlement (1)		(40)
Operating profit, as adjusted	\$	1,298
Depreciation and amortization		142
EBITDA, as adjusted	\$	1,440

Net Debt to EBITDA 1.7x

(1) Represents income for the three months ended September 30, 2023 from the receipt of an insurance settlement payment.

Working Capital as a % of Sales

<i>(in Millions)</i>	As Reported September 30, 2023
Receivables	\$ 1,245
Inventories	1,046
Less: Accounts payable	(844)
Working Capital	\$ 1,447
Working capital as a % of sales (last 12 months)	18.1%