

MASCO

Fourth Quarter and Full Year 2023 Earnings Presentation

February 8, 2024

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, to develop innovative products and respond to changing consumer purchasing practices and preferences, our ability to maintain our public image and 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 and risks associated with our reliance on information systems and 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.

Agenda

1	Summary of Results	Keith Allman
2	Financial / Operations Review	Rick Westenberg
3	Q&A	Keith Allman Rick Westenberg

1

Summary of Results

Keith Allman

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Q4 2023 Review

- Top line decreased 2% with lower volumes partially offset by pricing actions
- Grew adjusted gross margin 560 bps to 35.1%
- Expanded adjusted operating profit margin 230 bps to 14.5%
- Achieved adjusted EPS growth of 28% to $0.83 per share
- Repurchased 3.8 million shares for $227 million

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Full Year 2023 Review

- Top line decreased 8% with lower volumes partially offset by pricing actions
- Grew adjusted gross margin 360 bps to 35.2%
- Expanded adjusted operating profit margin 120 bps to 16.8%
- Achieved adjusted EPS growth of 2% to $3.86 per share
- Achieved a return on invested capital of ~36%
- Repurchased 6.2 million shares for $353 million

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Future Targets

Well positioned to achieve strong, profitable growth in 2024 and beyond

Full Year 2024 Adjusted EPS

- In the range of $4.00 - $4.25 per share

Adjusted Operating Profit Margin Targets

	FY 2024	FY 2026
Plumbing Products	~18.5%	~20%
Decorative Architectural Products	~18%	~19-20%
Masco	~17%	~18.5%

2

Financial / Operations Review

Rick Westenberg

Masco Corporation

Quarter Highlights

- Total company sales decreased 2%
- Acquisitions and FX increased sales by 1% each
- In local currency, North American sales decreased 3%, or 4% excluding acquisitions
- In local currency, international sales decreased 3%
- Operating profit driven by a favorable price/cost relationship and cost savings initiatives, partially offset by lower volumes and higher employee related expenses

($ in Millions)	Fourth Quarter 2023	Full Year 2023
Revenue Y-O-Y Change	**$1,882** (2%)	**$7,967** (8%)
Operating Profit* Y-O-Y Change	**$272** $38	**$1,336** ($19)
Operating Margin* Y-O-Y Change	**14.5%** 230 bps	**16.8%** 120 bps
Adjusted EPS* Y-O-Y Change	**$0.83** 28%	**$3.86** 2%

*See Appendix for GAAP reconciliation.

Plumbing Products Segment

Quarter Highlights

- Total segment sales increased 1%
- Acquisitions increased sales by 2% and FX by 1%
- In local currency, North American sales increased 1%, or decreased 1% excluding acquisitions
- In local currency, international sales decreased 3%
- Operating profit driven by a favorable price/cost relationship and cost savings initiatives, partially offset by lower volume/mix and higher employee related expenses

($ in Millions)	Fourth Quarter 2023	Full Year 2023
Revenue Y-O-Y Change	**$1,204** 1%	**$4,842** (8%)
Operating Profit* Y-O-Y Change	**$198** $50	**$870** $36
Operating Margin* Y-O-Y Change	**16.4%** 400 bps	**18.0%** 210 bps

* Excludes business rationalization charges for the fourth quarter and full year 2023 of $10 million and $9 million, respectively, and for the fourth quarter and full year of 2022 of $15 million each.

Decorative Architectural Products Segment

Quarter Highlights

- Total segment sales decreased 7%
- Revenue of paints and other coating products decreased mid-single digits
- PRO paint sales were down slightly against a mid-single digit comp
- DIY paint sales declined high single digits
- Operating profit impacted by lower volumes and pricing, offset by cost savings initiatives and lower material costs

($ in Millions)	Fourth Quarter 2023	Full Year 2023
Revenue Y-O-Y Change	**$677** (7%)	**$3,125** (9%)
Operating Profit* Y-O-Y Change	**$100** ($1)	**$557** ($51)
Operating Margin* Y-O-Y Change	**14.8%** 90 bps	**17.8%** 10 bps

* Excludes business rationalization charges for the full year 2023 of $4 million, and for the fourth quarter and the full year 2022 of $8 million and $17 million, respectively. The fourth quarter and full year of 2023 also excludes impairment charges for goodwill and other intangible assets of $15 million each, and for the fourth quarter and full year of 2022 of $26 million each. The full year of 2023 also excludes an insurance settlement of $40 million.

Strong Balance Sheet

Masco Corporation

Balance Sheet Metrics as of 12/31/2023	
Cash and cash investments	$634M
Revolver availability	$1,000M
Total liquidity	$1,634M
Gross debt to EBITDA[1]	2.0x
Working capital as a % of sales[1]	16.0%
Adjusted free cash flow conversion rate[1]	122%

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1. See Appendix for reconciliation.

Full Year 2024 Outlook

2024 Adjusted EPS $4.00 – $4.25

Business Segment	2024 Forecasted Sales Change	2024 Forecasted Adjusted Operating Profit Margin
Plumbing Products	+/- LSD	~18.5%
Decorative Architectural Products	+/- LSD	~18%
Total Masco	+/- LSD	~17%

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3

Q&A

Keith Allman

Rick Westenberg

Appendix

2024 Estimates

Item	Assumption
Tax rate	24.5%
General corporate expense	~$95m
Interest and other expense	~$105m
Capital expenditures (includes maintenance capex of ~$75m)	~$200m
Depreciation and amortization[1]	~$160m
Favorable foreign currency translation impact to sales[2]	~$15m
Share repurchase or acquisitions	~$600m
Average diluted share count for 2024	~221m
Working capital as a % of net sales	~16.5%
Free cash flow conversion	~90%

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1. Plumbing Products segment ~$115m; Decorative Architectural Products segment ~$40m; Non-operating ~$5m.
2. Based on rates as of December 31, 2023.

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**	• Board declared a quarterly dividend of $0.29, a 2% increase, payable on March 11, 2024, to shareholders of record on February 22, 2024 • Current annual dividend of $1.16 • 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 $600 million for share repurchase or select bolt-on acquisitions in 2024

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 profit margin

- Expand margins through cost productivity and volume leverage
  - Well positioned to achieve long-term full year margin targets in 2026:
    - Masco: ~18.5%
    - Plumbing Products: ~20%
    - Decorative Architectural Products: ~19–20%

Capital deployment

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

Average annual EPS growth

- ~10%

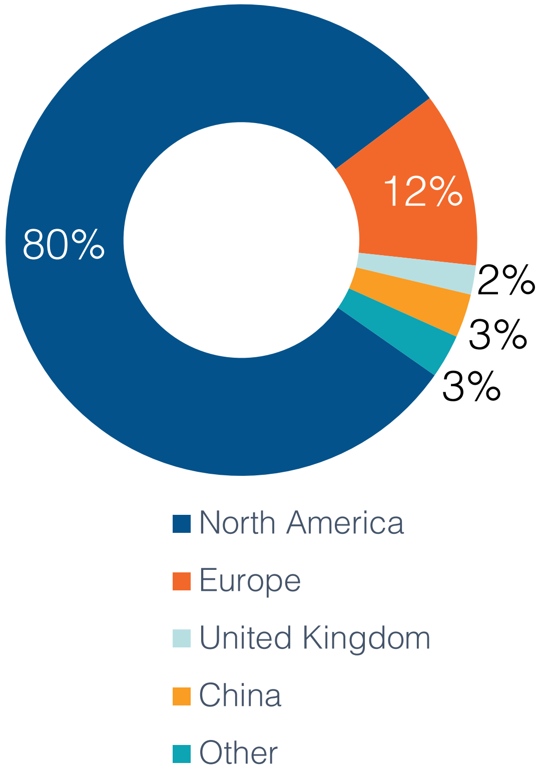
2023 Segment Mix*

Business Segment	2023 Revenue	R&R% vs. NC	NA% v. Int'l
Plumbing Products	$4.8B	82%	67%
Decorative Architectural Products	$3.1B	97%	100%
Total Company	**$8.0B**	**88%**	**80%**

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

Total Geographic Revenue Split



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*Based on Company estimates
Amounts may not add due to rounding

2023 Channel Mix*

2023 Channel Mix as a Percentage of Sales			
Channel	Plumbing Products	Decorative Architectural Products	Total Masco
Retail	19%	86%	46%
Wholesale/trade/dealer	53%	10%	35%
E-commerce	17%	4%	12%
Specialty Dealer/Other	11%	0%	7%

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*Based on Company estimates

Profit Reconciliations – Fourth Quarter

($ in Millions)	Q4 2023	Q4 2022
Net sales	$ 1,882	$ 1,923
Gross profit, as reported	$ 653	$ 545
Rationalization charges	7	23
Gross profit, as adjusted	$ 660	$ 568
Gross margin, as reported	*34.7%*	*28.3%*
Gross margin, as adjusted	*35.1%*	*29.5%*
Selling, general and administrative expenses, as reported	$ 391	$ 334
Rationalization charges	3	-
Selling, general and administrative expenses, as adjusted	$ 388	$ 334
Selling, general and administrative expenses as percent of net sales, as reported	*20.8%*	*17.4%*
Selling, general and administrative expenses as percent of net sales, as adjusted	*20.6%*	*17.4%*
Operating profit, as reported	$ 247	$ 185
Rationalization charges	10	23
Impairment charges for goodwill and other intangible assets	15	26
Operating profit, as adjusted	$ 272	$ 234
Operating margin, as reported	*13.1%*	*9.6%*
Operating margin, as adjusted	*14.5%*	*12.2%*

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Amounts may not add due to rounding.

Profit Reconciliations – Full Year

($ in Millions)	2023	2022
Net sales	$ 7,967	$ 8,680
Gross profit, as reported	$ 2,836	$ 2,713
Rationalization charges	9	32
Insurance settlement (1)	(40)	-
Gross profit, as adjusted	$ 2,805	$ 2,745
Gross margin, as reported	*35.6%*	*31.3%*
Gross margin, as adjusted	*35.2%*	*31.6%*
Selling, general and administrative expenses, as reported	$ 1,473	$ 1,390
Rationalization charges	4	-
Selling, general and administrative expenses, as adjusted	$ 1,469	$ 1,390
Selling, general and administrative expenses as percent of net sales, as reported	*18.5%*	*16.0%*
Selling, general and administrative expenses as percent of net sales, as adjusted	*18.4%*	*16.0%*
Operating profit, as reported	$ 1,348	$ 1,297
Rationalization charges	13	32
Impairment charges for goodwill and other intangible assets	15	26
Insurance settlement (1)	(40)	-
Operating profit, as adjusted	$ 1,336	$ 1,355
Operating margin, as reported	*16.9%*	*14.9%*
Operating margin, as adjusted	*16.8%*	*15.6%*

(1) Represents income for the year ended December 31, 2023 from the receipt of an insurance settlement payment.

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Amounts may not add due to rounding.

EPS Reconciliation – Fourth Quarter

(in Millions, Except per Common Share Data)	Q4 2023	Q4 2022
Income before income taxes, as reported	$ 233	$ 159
Rationalization charges	10	23
Impairment charges for goodwill and other intangible assets	15	26
Income before income taxes, as adjusted	$ 257	$ 208
Tax at 24.5% rate (24% for 2022)	(63)	(49)
Less: Net income attributable to noncontrolling interest	9	11
Net income, as adjusted	$ 185	$ 148
Net income per common share, as adjusted	$ 0.83	$ 0.65
Average diluted common shares outstanding	224	227

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Amounts may not add due to rounding.

EPS Reconciliation – Full Year

(in Millions, Except per Common Share Data)	2023	2022
Income before income taxes, as reported	$ 1,238	$ 1,193
Rationalization charges	13	32
Impairment charges for goodwill and other intangible assets	15	26
Fair value adjustment to contingent earnout obligation **(1)**	-	(24)
(Gain) on sale of business **(2)**	-	(2)
Realized (gains) from private equity funds	(1)	-
Loss from equity investments, net	1	6
Insurance settlement **(3)**	(40)	-
Income before income taxes, as adjusted	$ 1,226	$ 1,231
Tax at 24.5% rate (24% rate for 2022)	(300)	(295)
Less: Net income attributable to noncontrolling interest	52	61
Net Income, as adjusted	$ 873	$ 875
Net income per common share, as adjusted	$ 3.86	$ 3.77
Average diluted common shares outstanding	226	232

(1) Represents income for the year ended December 31, 2022 from the revaluation of contingent consideration related to a prior acquisition.

(2) Represents a pre-tax post-closing gain related to the finalization of working capital items related to the divestiture of Hüppe GmbH for the year ended December 31, 2022.

(3) Represents income for year ended December 31, 2023 from the receipt of an insurance settlement payment.

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Amounts may not add due to rounding.

Return on Invested Capital and Free Cash Flow Reconciliation

Return on Invested Capital Reconciliation ($ in Millions)			December 31, 2023	
Net income, as adjusted			$	873
Average invested capital				
Average shareholders' equity	$	(82)		
Average debt		3,050		
Less: Average cash and cash investments		(543)		
			$	2,425
Return on invested capital				36%

Free Cash Flow Reconciliation ($ in Millions)	Year Ended December 31, 2023	
Net cash from operating activities	$	1,413
Insurance settlement		(40)
Net cash from operating activities, adjusted	$	1,373
Less: Capital expenditures		(243)
Free cash flow	$	1,130
Income before income taxes, as adjusted	$	1,226
Tax at 24.5% rate		(300)
Net income, as adjusted (including noncontrolling interest)	$	926
Free cash flow conversion rate		122%

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Amounts may not add due to rounding.

EPS Outlook Reconciliation

	2024	
	Low End	High End
Net income per common share	$ 4.00	$ 4.25
Rationalization charges	-	-
Net income per common share, as adjusted	$ 4.00	$ 4.25

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Amounts may not add due to rounding.

Gross Debt to EBITDA Reconciliation

($ in Millions)		December 31, 2023
Debt	$	2,948

($ in Millions)		TTM December 31, 2023
Operating profit, as reported	$	1,348
Rationalization charges		13
Impairment charge for other intangible assets		15
Insurance settlement (1)		(40)
Operating profit, as adjusted	$	1,336
Depreciation and amortization		148
EBITDA, as adjusted	$	1,485
Debt to EBITDA		2.0x

(1) Represents income for the year ended December 31, 2023 from the receipt of an insurance settlement payment.

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Amounts may not add due to rounding.

Working Capital as a % of Sales

(in Millions)		As Reported December 31, 2023
Receivables	$	1,090
Inventories		1,022
Less: Accounts payable		(840)
Working Capital	$	1,272
Working capital as a % of sales (last 12 months)		16.0%

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Amounts may not add due to rounding.

EPS Reconciliation by Quarter – 2023

(in Millions, Except per Common Share Data)	Q4 2023	Q3 2023	Q2 2023	Q1 2023
Income before income taxes, as reported	$ 233	$ 346	$ 374	$ 285
Rationalization charges (income) **(1)**	10	5	1	(3)
Impairment charge for other intangible assets	15	-	-	-
Realized (gains) from private equity funds	-	-	-	(1)
Loss from equity investments, net	-	1	-	-
Insurance settlement **(2)**	-	(40)	-	-
Income before income taxes, as adjusted	$ 257	$ 312	$ 375	$ 281
Tax at 24.5% rate	(63)	(76)	(92)	(69)
Less: Net income attributable to noncontrolling interest	9	11	15	16
Net income, as adjusted	$ 185	$ 225	$ 268	$ 196
Net income per common share, as adjusted	$ 0.83	$ 1.00	$ 1.19	$ 0.86
Average diluted common shares outstanding	224	226	226	227

(1) Represents income for the three months ended March 31, 2023 due to the sale of excess and obsolete inventory that was related to a rationalization activity, partially offset by rationalization charges.

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

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Amounts may not add due to rounding.