

MASCO

First Quarter 2024
Earnings Presentation

April 24, 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

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Summary of Results

Keith Allman



Q1 2024 Review

- ✓ Top line decreased 3% with lower volumes partially offset by our Sauna360 acquisition in Q3 2023 and pricing actions
- ✓ Grew adjusted gross margin 210 bps to 35.7%
- ✓ Expanded adjusted operating profit margin 90 bps to 16.7%
- ✓ Achieved adjusted EPS growth of 8% to \$0.93 per share
- ✓ Repurchased 2.1 million shares for \$148 million
- ✓ Maintaining full year adjusted EPS guidance of \$4.00 - \$4.25 per share



A collage of hexagonal images. The central hexagon shows a person in a white protective suit and mask, holding a bucket of BEHR paint. The bucket is white with a red and black label that says "BEHR" and "i300". Other hexagons show different parts of the person's suit and the bucket.

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Financial / Operations Review

Rick Westenberg

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Masco Corporation

Quarter Highlights

- Total company sales decreased 3%
- Acquisitions increased sales by 1%
- In local currency, North American sales decreased 2%, or 3% excluding acquisitions
- In local currency, international sales decreased 5%
- Operating profit increase driven by cost savings initiatives and a favorable price/cost relationship, partially offset by lower volumes

(\$ in Millions)	First Quarter 2024
Revenue Y-O-Y Change	\$1,926 (3%)
Operating Profit* Y-O-Y Change	\$322 \$10
Operating Margin* Y-O-Y Change	16.7% 90 bps
EPS* Y-O-Y Change	\$0.93 8%

Plumbing Products Segment

Quarter Highlights

- Total segment sales decreased 2%
- Acquisitions increased sales by 2%
- In local currency, North American sales decreased 1%, or 4% excluding acquisitions
- In local currency, international sales decreased 5%
- Operating profit increase driven by cost savings initiatives and a favorable price/cost relationship, partially offset by lower volume/mix

(\$ in Millions)	First Quarter 2024
Revenue Y-O-Y Change	\$1,192 (2%)
Operating Profit* Y-O-Y Change	\$228 \$26
Operating Margin* Y-O-Y Change	19.1% 260 bps

Decorative Architectural Products Segment

Quarter Highlights

- Total segment sales decreased 3%
- Revenue of paints and other coating products was relatively flat
- Both DIY and PRO paint sales were in line with prior year
- Operating profit impacted by pricing, partially offset by cost savings initiatives

(\$ in Millions)	First Quarter 2024
Revenue Y-O-Y Change	\$734 (3%)
Operating Profit* Y-O-Y Change	\$125 (\$8)
Operating Margin* Y-O-Y Change	17.0% (60) bps

* As adjusted and excludes business rationalization charges for the first quarter of 2024 and 2023 of \$1 million in each period.



Strong Balance Sheet

Masco Corporation

Balance Sheet Metrics as of 3/31/2024

Cash and cash investments	\$368M
Revolver availability	<u>\$951M</u>
Total liquidity	\$1,319M
Gross debt to EBITDA ¹	2.0x
Working capital as a % of sales ¹	18.6%

Full Year 2024 Outlook

2024 Forecasted Adjusted EPS \$4.00 – \$4.25

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



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Q&A

Keith Allman

Rick Westenberg

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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
Unfavorable foreign currency translation impact to sales ²	~\$30m
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%

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 \$1.16
- 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



Market-leading brands,
history of innovation,
customer focus



MASCO

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



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%

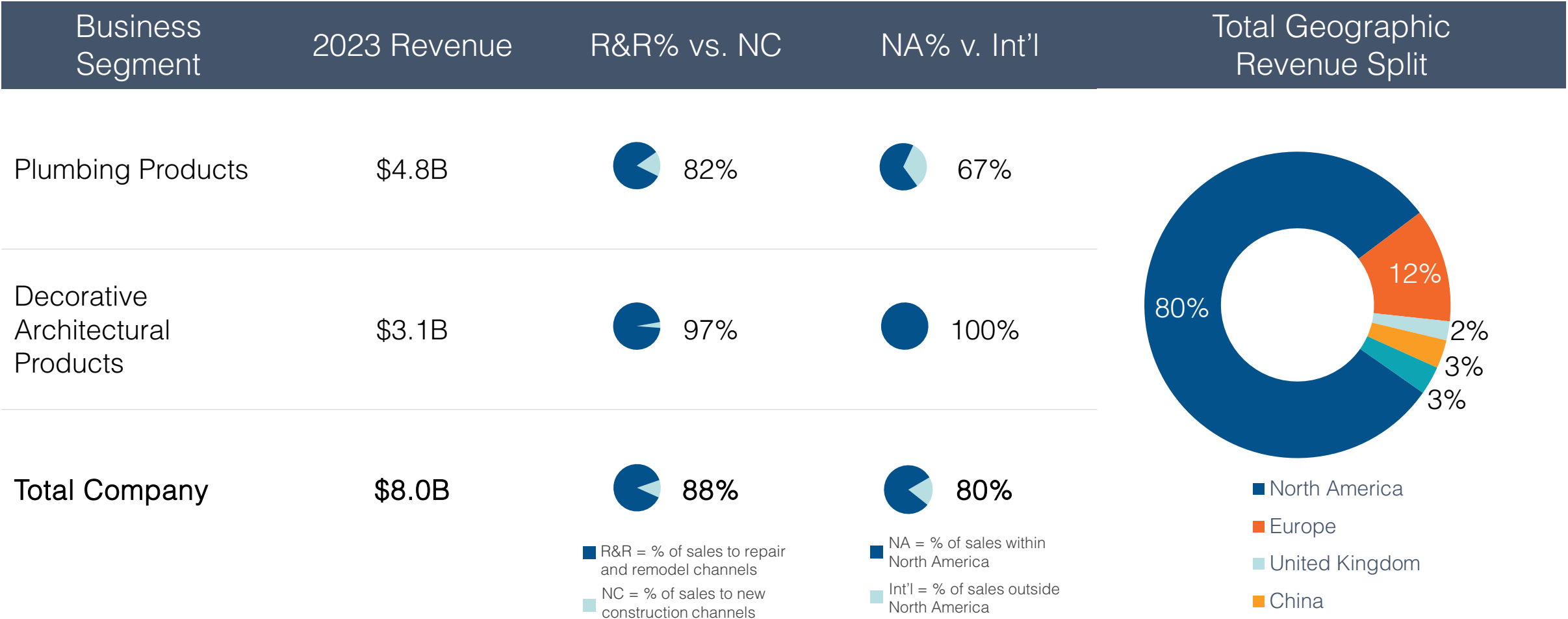
Capital deployment

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

Average annual EPS growth

- ~10%

2023 Segment Mix*



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%

Profit Reconciliations – First Quarter

(\$ in Millions)	Q1 2024	Q1 2023
Net sales	\$ 1,926	\$ 1,979
Gross profit, as reported	\$ 685	\$ 669
Rationalization charges (income) (1)	3	(4)
Gross profit, as adjusted	\$ 688	\$ 665
Gross margin, as reported	35.6%	33.8%
Gross margin, as adjusted	35.7%	33.6%
Selling, general and administrative expenses, as reported	\$ 367	\$ 354
Rationalization charges	-	1
Selling, general and administrative expenses, as adjusted	\$ 367	\$ 353
Selling, general and administrative expenses as percent of net sales, as reported	19.1%	17.9%
Selling, general and administrative expenses as percent of net sales, as adjusted	19.1%	17.8%
Operating profit, as reported	\$ 318	\$ 315
Rationalization charges (income) (1)	3	(3)
Operating profit, as adjusted	\$ 322	\$ 312
Operating margin, as reported	16.5%	15.9%
Operating margin, as adjusted	16.7%	15.8%

(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.

Amounts may not add due to rounding.

EPS Reconciliation – First Quarter

<i>(in Millions, Except per Common Share Data)</i>	Q1 2024	Q1 2023
Income before income taxes, as reported	\$ 289	\$ 285
Rationalization charges (income) (1)	3	(3)
Realized (gains) from private equity funds	-	(1)
Income before income taxes, as adjusted	\$ 292	\$ 281
Tax at 24.5% rate	(72)	(69)
Less: Net income attributable to noncontrolling interest	14	16
Net income, as adjusted	<u>\$ 206</u>	<u>\$ 196</u>
Net income per common share, as adjusted	<u>\$ 0.93</u>	<u>\$ 0.86</u>
Average diluted common shares outstanding	<u>221</u>	<u>227</u>

(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.

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	<u>\$ 4.00</u>	<u>\$ 4.25</u>

Gross Debt to EBITDA Reconciliation

(\$ in Millions)		March 31, 2024
Debt	\$	2,997

(\$ in Millions)		TTM March 31, 2024
Operating profit, as reported	\$	1,351
Rationalization charges		19
Impairment charges for other intangible assets		15
Insurance settlement (1)		(40)
Operating profit, as adjusted	\$	1,345
Depreciation and amortization		151
EBITDA, as adjusted	\$	1,498

Debt to EBITDA 2.0X

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

Working Capital as a % of Sales

<i>(in Millions)</i>		As Reported March 31, 2024
Receivables	\$	1,310
Inventories		1,059
Less: Accounts payable		(899)
Working Capital	\$	1,470
Working capital as a % of sales (last 12 months)		18.6%