

MASCO

Second Quarter 2024
Earnings Presentation

July 25, 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.



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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

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Q2 2024 Review

- ✓ Top line decreased 2% with lower volumes and mix partially offset by our Sauna360 acquisition in Q3 2023
- ✓ Grew adjusted gross margin 140 bps to 37.6%
- ✓ Achieved adjusted operating profit margin of 19.1%
- ✓ Delivered adjusted EPS growth of 1% to \$1.20 per share
- ✓ Repurchased 2 million shares for \$143 million
- ✓ Narrowing anticipated full year adjusted EPS range to \$4.05 - \$4.20 per share from previous guidance of \$4.00 - \$4.25 per share



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Financial / Operations Review

Rick Westenberg

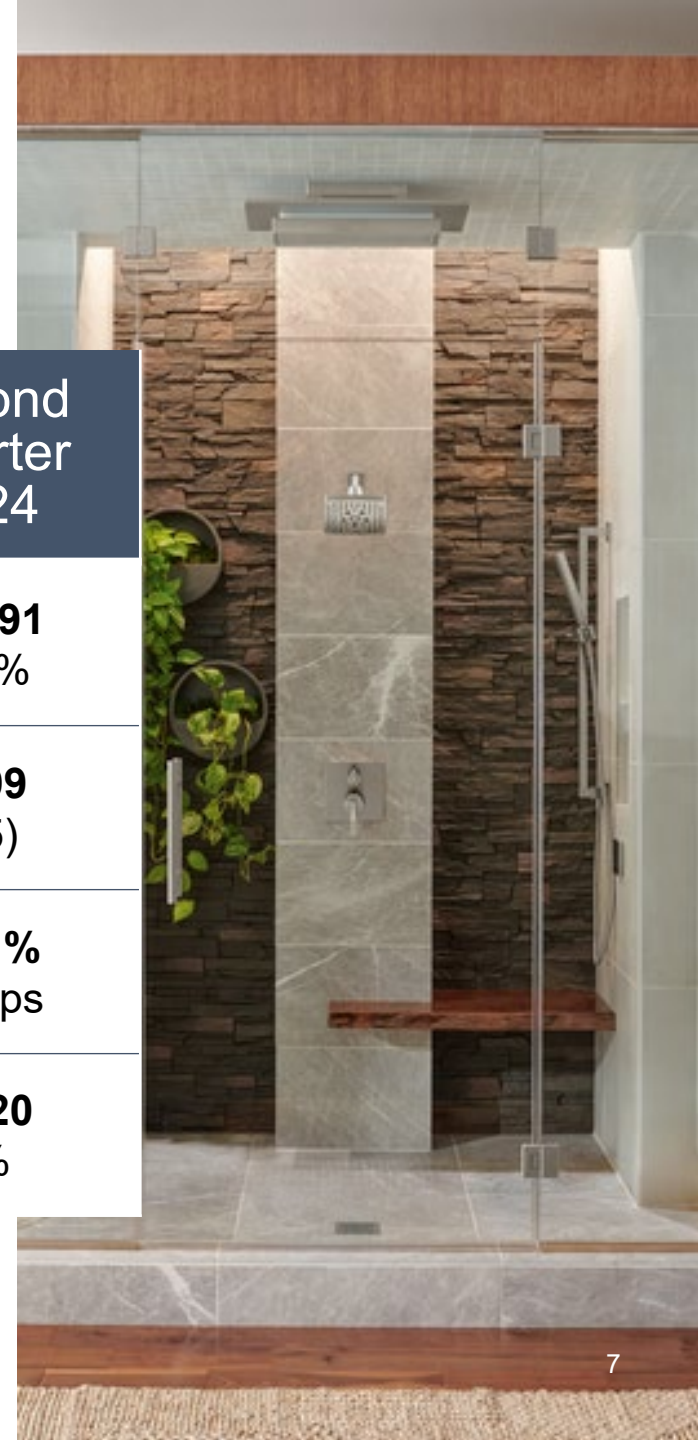


Masco Corporation

Quarter Highlights

- Total company sales decreased 2%, or 1% excluding the impact of currency
- Acquisitions increased sales by 1%
- In local currency, North American sales decreased 1%, or 2% excluding acquisitions
- In local currency, International sales decreased 1%
- Operating profit impacted by lower volume/mix and higher employee related costs, partially offset by cost savings initiatives and a favorable price/cost relationship

(\$ in Millions)	Second Quarter 2024
Revenue Y-O-Y Change	\$2,091 (2)%
Operating Profit* Y-O-Y Change	\$399 \$(5)
Operating Margin* Y-O-Y Change	19.1% 10 bps
EPS* Y-O-Y Change	\$1.20 1%



Plumbing Products Segment

Quarter Highlights

- Total segment sales increased 2%, or 3% excluding the impact of currency
- Acquisitions increased sales by 2%
- In local currency, North American sales increased 5%, or 2% excluding acquisitions
- In local currency, International sales decreased 1%
- Operating profit increase driven by cost savings initiatives and a favorable price/cost relationship, partially offset by lower mix and higher employee related costs

(\$ in Millions)	Second Quarter 2024
Revenue Y-O-Y Change	\$1,253 2%
Operating Profit* Y-O-Y Change	\$249 \$4
Operating Margin* Y-O-Y Change	19.9% (10) bps



Decorative Architectural Products Segment

Quarter Highlights

- Total segment sales decreased 7%
- Revenue of paints and other coating products decreased high single digits
- PRO paint sales increased mid single digits
- DIY paint sales decreased low double digits
- Operating profit impacted by lower volume and an unfavorable price/cost relationship, partially offset by cost savings initiatives and timing of marketing spend

(\$ in Millions)	Second Quarter 2024
Revenue	\$838
Y-O-Y Change	(7)%
Operating Profit	\$174
Y-O-Y Change	\$(6)
Operating Margin	20.8%
Y-O-Y Change	80 bps

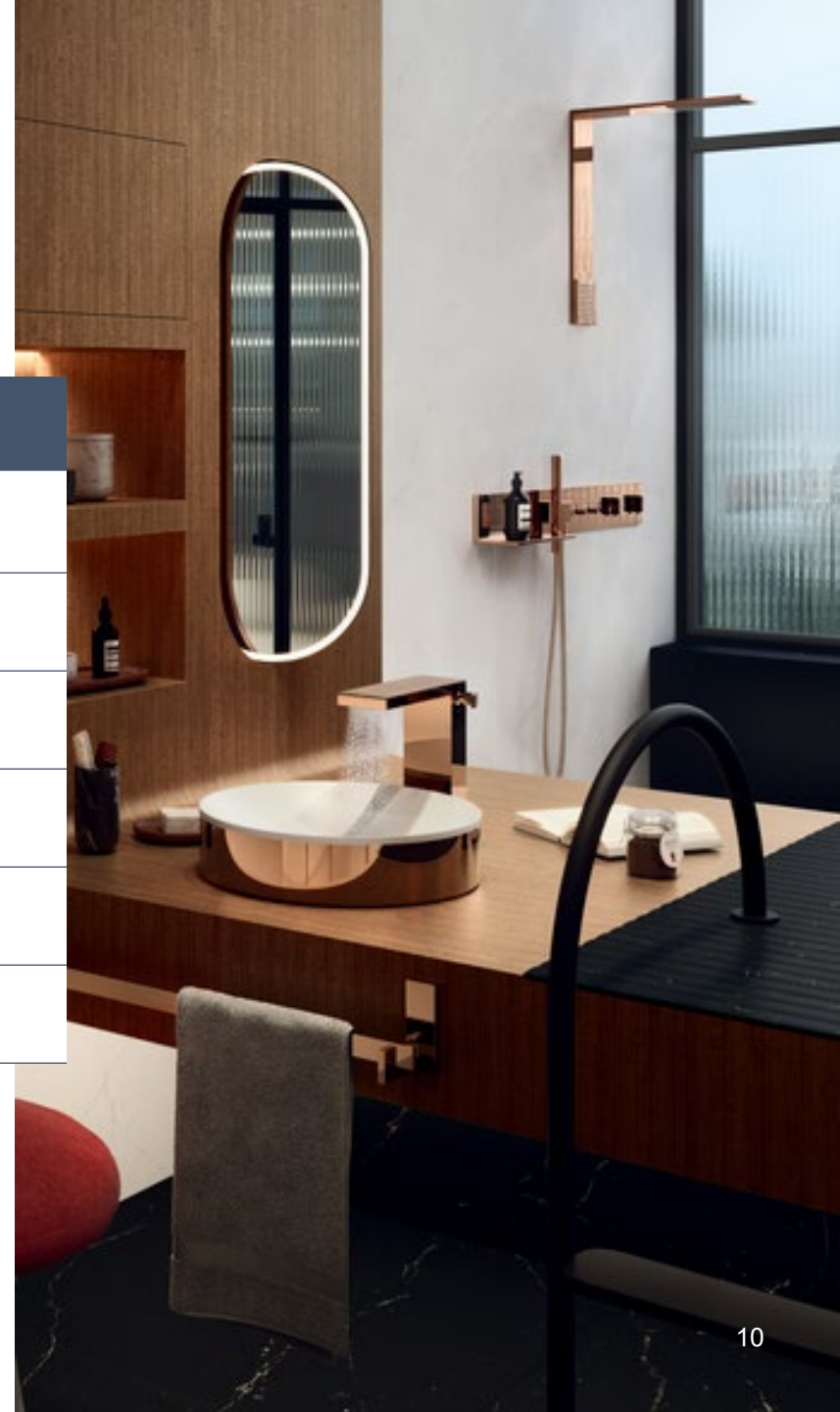


Strong Balance Sheet

Masco Corporation

Balance Sheet Metrics as of 6/30/2024

Cash and cash investments	\$398M
Revolver availability	<u>\$1,000M</u>
Total liquidity	\$1,398M
Gross debt to EBITDA ¹	2.0x
Working capital as a % of sales ¹	18.4%



Full Year 2024 Outlook

2024 Forecasted Adjusted EPS \$4.05 - \$4.20, narrowed from previous guide of \$4.00 - \$4.25

Business Segment	2024 Forecasted Sales Change		2024 Forecasted Adjusted Operating Profit Margin Change	
	Previous Guide	Current Guide	Previous Guide	Current Guide
Plumbing Products	+/- Low Single Digits	+/- Low Single Digits	~18.5%	~19%
Decorative Architectural Products	+/- Low Single Digits	Down Low Single Digits	~18%	~18%
Total Masco	+/- Low Single Digits	+/- Low Single Digits	~17%	~17% - 17.5%



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Q&A

Keith Allman

Rick Westenberg

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Appendix



2024 Assumptions

Item	Assumption
Tax rate	24.5%
General corporate expense	~\$95m
Interest and other expense	~\$110m
Capital expenditures (includes maintenance capex of ~\$75m)	~\$200m
Depreciation and amortization ¹	~\$160m
Unfavorable foreign currency translation impact to sales ²	~\$35m
Share repurchase or acquisitions	~\$600m
Average diluted share count for 2024	~220m
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 repurchases 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



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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%

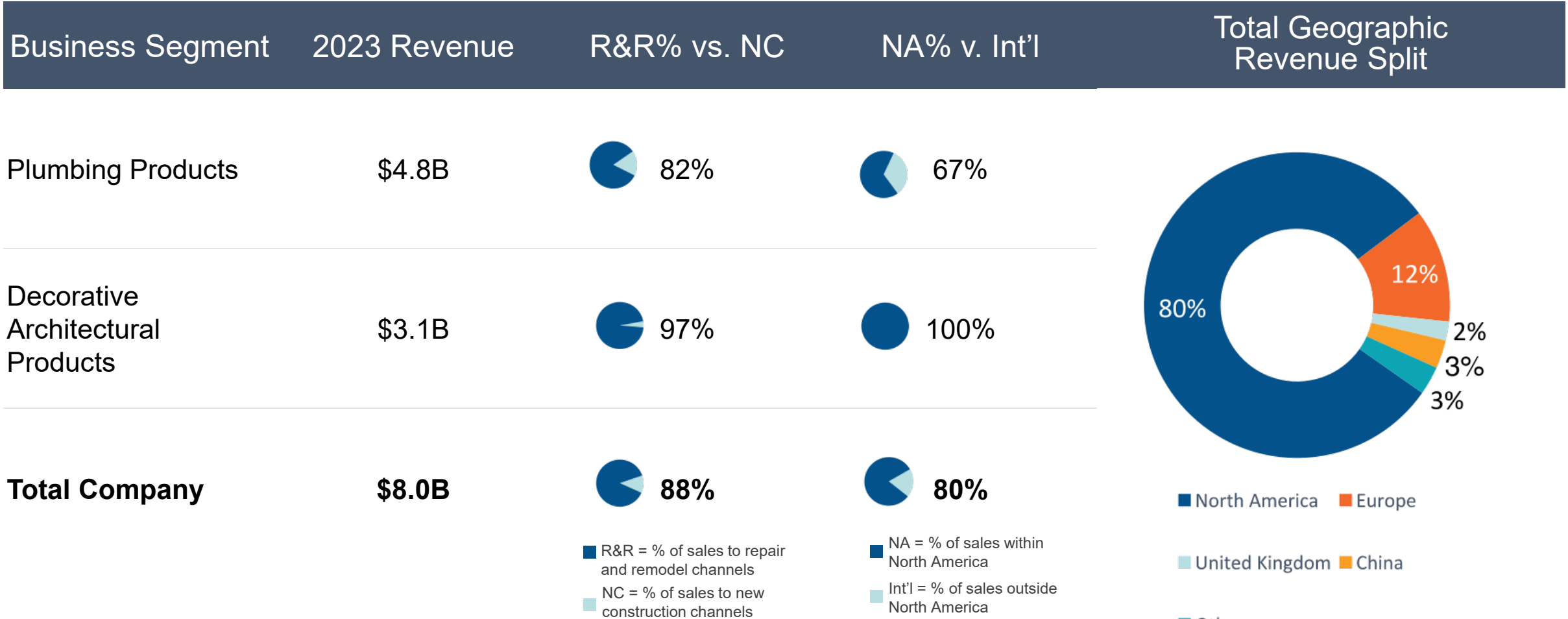
Capital deployment

- 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 – Second Quarter

(\$ in Millions)	Q2 2024	Q2 2023
Net sales	\$ 2,091	\$ 2,127
Gross profit, as reported	\$ 785	\$ 769
Rationalization charges	1	1
Gross profit, as adjusted	\$ 786	\$ 770
<i>Gross margin, as reported</i>	37.5 %	36.2 %
<i>Gross margin, as adjusted</i>	37.6 %	36.2 %
Selling, general and administrative expenses, as reported	\$ 388	\$ 366
Rationalization charges	1	—
Selling, general and administrative expenses, as adjusted	\$ 387	\$ 366
<i>Selling, general and administrative expenses as a percent of net sales, as reported</i>	18.6 %	17.2 %
<i>Selling, general and administrative expenses as a percent of net sales, as adjusted</i>	18.5 %	17.2 %
Operating profit, as reported	\$ 397	\$ 403
Rationalization charges	2	1
Operating profit, as adjusted	\$ 399	\$ 404
<i>Operating margin, as reported</i>	19.0 %	18.9 %
<i>Operating margin, as adjusted</i>	19.1 %	19.0 %

EPS Reconciliation – Second Quarter

<i>(\$ in Millions, Except per Common Share Data)</i>	Q2 2024	Q2 2023
Income before income taxes, as reported	\$ 366	\$ 374
Rationalization charges	2	1
Income before income taxes, as adjusted	\$ 368	\$ 375
Tax at 24.5% rate	(90)	(92)
Less: Net income attributable to noncontrolling interest	14	15
Net income, as adjusted	<u>\$ 264</u>	<u>\$ 268</u>
 Net income per common share, as adjusted	 <u>\$ 1.20</u>	 <u>\$ 1.19</u>
 Average diluted common shares outstanding	 <u>220</u>	 <u>226</u>

EPS Outlook Reconciliation

	2024	
	Low End	High End
Net income per common share	\$ 4.03	\$ 4.18
Rationalization charges	0.02	0.02
Net income per common share, as adjusted	<u>\$ 4.05</u>	<u>\$ 4.20</u>

Gross Debt to EBITDA Reconciliation

June 30, 2024		
Debt	\$	2,948
TTM June 30, 2024		
Operating profit, as reported	\$	1,345
Rationalization charges		21
Impairment charge for other intangible assets		15
Insurance settlement (1)		(40)
Operating profit, as adjusted	\$	1,341
Depreciation and amortization		154
EBITDA, as adjusted	\$	1,496
Debt to EBITDA		2.0 x

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

Working Capital as a % of Sales

(in Millions)	As Reported June 30, 2024
Receivables	\$ 1,314
Inventories	1,057
Less: Accounts payable	(924)
Working Capital	<hr/> \$ 1,447
Net sales (last 12 months)	\$ 7,878
Working capital as a % of sales	18.4 %