

MASCO

Third Quarter 2024
Earnings Presentation

October 29, 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

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Q3 2024 Review

- ✓ Revenue in line with prior year
- ✓ Grew adjusted gross margin 90 bps to 36.7%
- ✓ Achieved adjusted operating profit margin of 18.2%
- ✓ Delivered adjusted EPS growth of 8% to \$1.08 per share
- ✓ Repurchased 2.5 million shares for \$192 million
- ✓ Updating anticipated full year adjusted EPS range to \$4.05 - \$4.15 per share from previous guidance of \$4.05 - \$4.20 per share



For adjusted numbers, see Appendix for GAAP reconciliation.





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Financial / Operations Review

Rick Westenberg

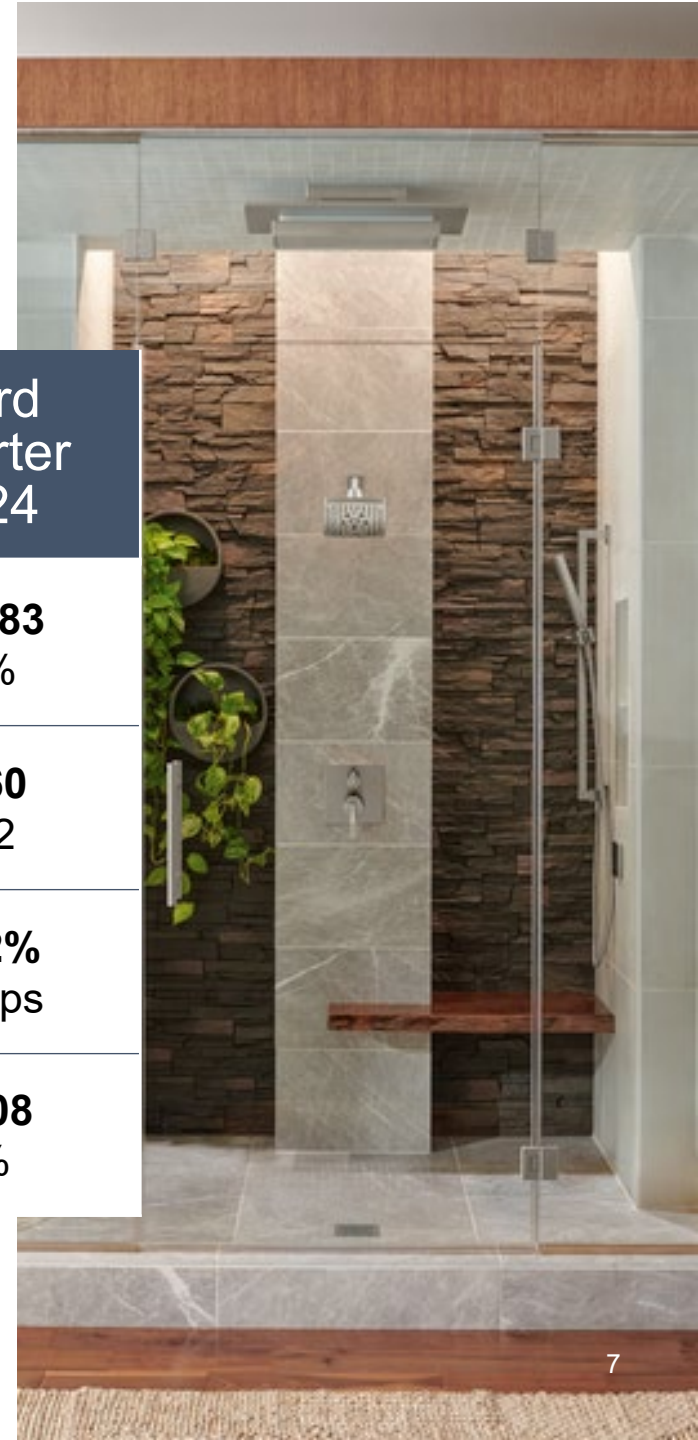
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Masco Corporation

Quarter Highlights

- Total company sales were in line with prior year, and increased 1% excluding the impact of currency
- In local currency, North American sales were in line with prior year
- In local currency, International sales increased 3%
- Operating profit increase driven by cost savings initiatives, partially offset by unfavorable mix and price/cost relationship and timing of marketing spend

(\$ in Millions)	Third Quarter 2024
Revenue Y-O-Y Change	\$1,983 0%
Operating Profit* Y-O-Y Change	\$360 \$12
Operating Margin* Y-O-Y Change	18.2% 60 bps
EPS* Y-O-Y Change	\$1.08 8%



Plumbing Products Segment

Quarter Highlights

- Total segment sales increased 2%
- Currency had a minimal impact and acquisitions increased sales by 1%
- In local currency, North American sales increased 2%, or 1% excluding acquisitions
- In local currency, International sales increased 3%
- Operating profit increase driven by cost savings initiatives and higher volumes, partially offset by unfavorable mix and higher commodity and freight costs

(\$ in Millions)	Third Quarter 2024
Revenue Y-O-Y Change	\$1,219 2%
Operating Profit* Y-O-Y Change	\$242 \$17
Operating Margin* Y-O-Y Change	19.9% 100 bps



Decorative Architectural Products Segment

Quarter Highlights

- Total segment sales decreased 3%, or 1% excluding the impacts of currency and divestitures
- Sales of paints and other coating products decreased low single digits
- PRO paint sales increased high single digits
- DIY paint sales decreased mid single digits
- Operating profit impacted by timing of marketing spend, an unfavorable price/cost relationship and lower volume, partially offset by cost savings initiatives

(\$ in Millions)	Third Quarter 2024
Revenue Y-O-Y Change	\$764 (3)%
Operating Profit* Y-O-Y Change	\$138 \$(6)
Operating Margin* Y-O-Y Change	18.1% (20) bps

* As adjusted and excludes business rationalization charges for the third quarter of 2023 of \$3 million and an insurance settlement for the third quarter of 2023 of \$40 million.



Strong Balance Sheet

Masco Corporation

Balance Sheet Metrics as of 9/30/2024

Cash and cash investments	\$646M
Revolver availability	<u>\$1,000M</u>
Total liquidity	\$1,646M
Gross debt to EBITDA ¹	2.0x
Working capital as a % of sales ¹	16.4%

Full Year 2024 Outlook

2024 Forecasted Adjusted EPS \$4.05 - \$4.15, updated from previous guide of \$4.05 - \$4.20

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	~19%	~19%
Decorative Architectural Products	Down Low Single Digits	Down Mid-Single Digits	~18%	~18%
Total Masco	+/- Low Single Digits	Down Low Single Digits	~17% - 17.5%	~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	~\$100m
Interest and other expense ¹	~\$115m
Capital expenditures (includes maintenance capex of ~\$75m)	~\$180m
Depreciation and amortization ²	~\$150m
Unfavorable foreign currency translation impact to sales ³	~\$10m
Share repurchase or acquisitions	~\$750m
Average diluted share count for 2024	~219m
Working capital as a % of net sales	~16%
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% of sales in 2024

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 \$750 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



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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
 - o Well positioned to achieve long-term full year margin targets in 2026:
 - Masco: ~18.5%
 - Plumbing Products: ~20%
 - Decorative Architectural Products: ~19–20%

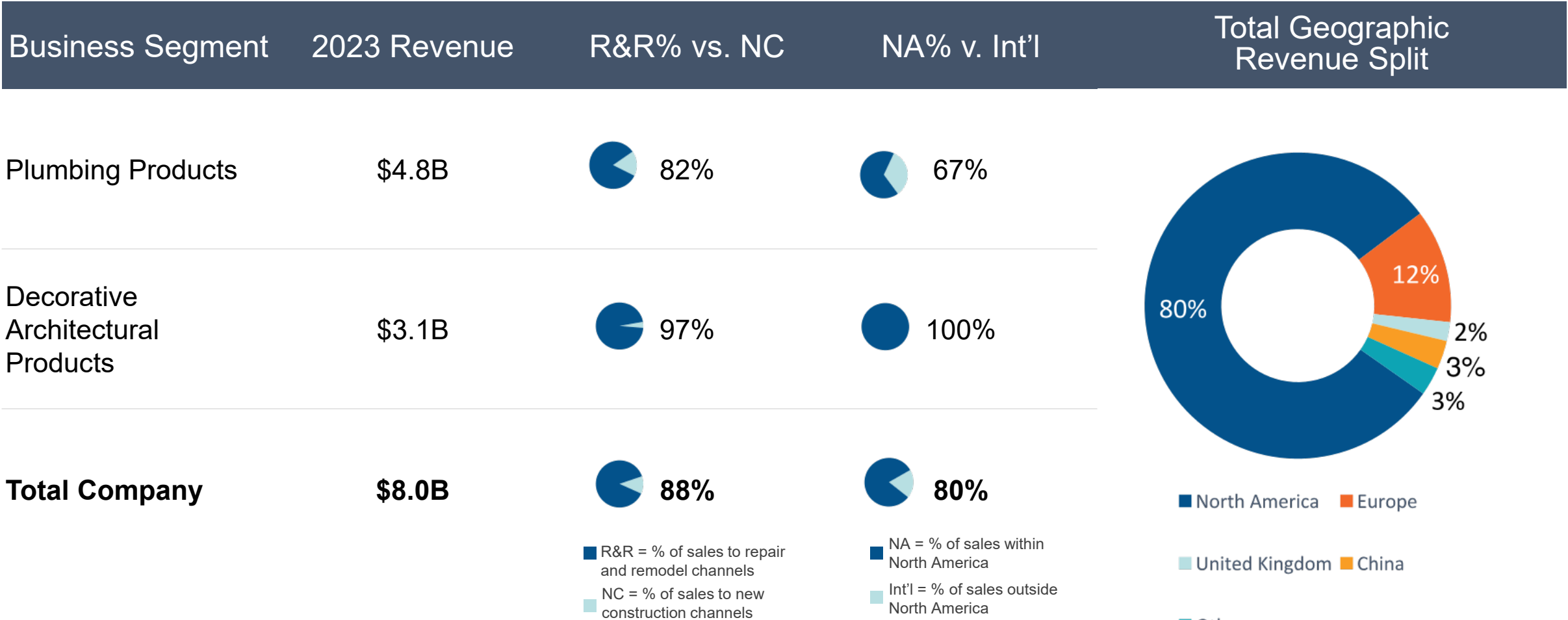
Capital deployment

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

Average annual EPS growth

- ~10%

2023 Segment Mix*



*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%

Profit Reconciliations – Third Quarter

(\$ in Millions)	Q3 2024	Q3 2023
Net sales	\$ 1,983	\$ 1,979
Gross profit, as reported	\$ 725	\$ 744
Rationalization charges	2	5
Insurance settlement (1)	—	(40)
Gross profit, as adjusted	\$ 727	\$ 709
<i>Gross margin, as reported</i>	36.6 %	37.6 %
<i>Gross margin, as adjusted</i>	36.7 %	35.8 %
Selling, general and administrative expenses, as reported	\$ 368	\$ 361
<i>Selling, general and administrative expenses as a percent of net sales, as reported</i>	18.6 %	18.2 %
Operating profit, as reported	\$ 357	\$ 383
Rationalization charges	2	5
Insurance settlement (1)	—	(40)
Operating profit, as adjusted	\$ 360	\$ 348
<i>Operating margin, as reported</i>	18.0 %	19.4 %
<i>Operating margin, as adjusted</i>	18.2 %	17.6 %

(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 2024	Q3 2023
Income before income taxes, as reported	\$ 248	\$ 346
Rationalization charges	2	5
Loss on sale of business (1)	81	—
Realized (gains) from private equity funds	(1)	—
Loss from equity investments, net	—	1
Insurance settlement (2)	—	(40)
Income before income taxes, as adjusted	\$ 330	\$ 312
Tax at 24.5% rate	(81)	(76)
Less: Net income attributable to noncontrolling interest	13	11
Net income, as adjusted	<u>\$ 236</u>	<u>\$ 225</u>
 Net income per common share, as adjusted	 <u>\$ 1.08</u>	 <u>\$ 1.00</u>
 Average diluted common shares outstanding	 <u>218</u>	 <u>226</u>

(1) Represents the preliminary loss for the three months ended September 30, 2024 from the sale of our Kichler Lighting business.

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

EPS Outlook Reconciliation

	2024	
	Low End	High End
Net income per common share	\$ 3.74	\$ 3.84
Rationalization charges	0.03	0.03
Loss on sale of business (1)	0.28	0.28
Net income per common share, as adjusted	<u>\$ 4.05</u>	<u>\$ 4.15</u>

(1) Represents the preliminary loss from the sale of our Kichler Lighting business.

Gross Debt to EBITDA Reconciliation

September 30, 2024		
Debt	\$	2,948
TTM September 30, 2024		
Operating profit, as reported	\$	1,320
Rationalization charges		17
Impairment charge for other intangible assets		15
Operating profit, as adjusted	\$	1,353
Depreciation and amortization		155
EBITDA, as adjusted	\$	1,507
Debt to EBITDA		2.0 x

Working Capital as a % of Sales

(in Millions)	As Reported September 30, 2024	
Receivables	\$	1,152
Inventories		1,013
Less: Accounts payable		(874)
Working Capital	\$	1,291
Net sales (last 12 months)	\$	7,882
Working capital as a % of sales		16.4 %