

MASCO

Fourth Quarter and
Full Year 2024
Earnings Presentation

February 11, 2025

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

MASCO



2024 Key Operational Accomplishments



see what Delta can do™



Clarifi™ Shower Filter



Clarifi™ Tankless Reverse Osmosis System



AXOR ShowerSelect



AXOR Citterio C



WatkinsWellness™
Feel good. Live well.™



FreshWater® IQ



Sauna360 Integration



2024 Behr PRO Sales
> \$900 million



Behr PRO

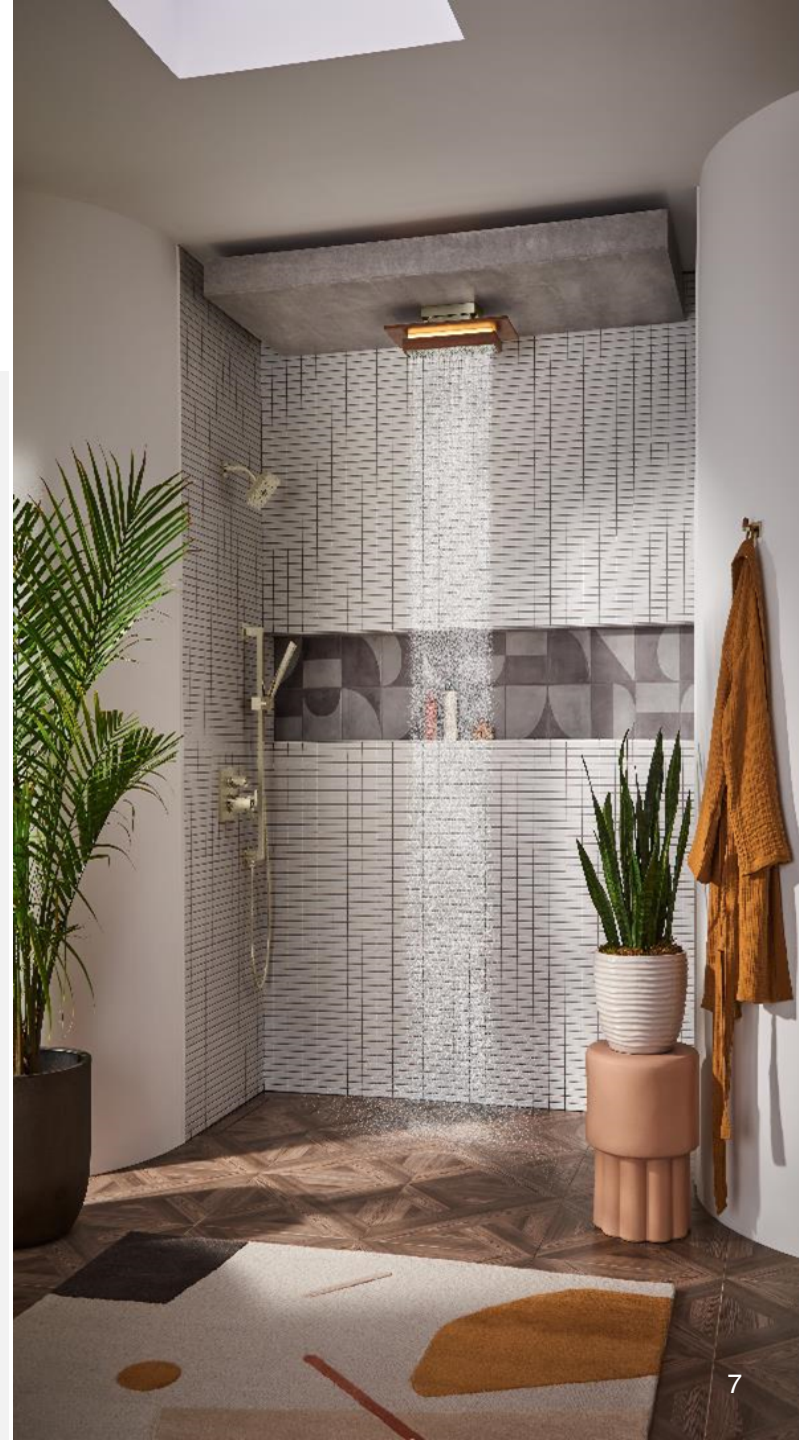
Q4 2024 Review

- ✓ Top line decreased 3%, but increased 1% excluding impacts of our divestiture and currency
- ✓ Continued to drive cost savings and efficiencies across operations
- ✓ Improved adjusted operating profit by \$19 million or 7%
- ✓ Expanded margins in both segments resulting in overall adjusted operating profit margin expansion of 140 basis points to 15.9%
- ✓ Delivered adjusted EPS growth of 7% to \$0.89 per share



Full Year 2024 Review

- ✓ Top line decreased 2% with lower volume/mix, partially offset by pricing actions
- ✓ Grew adjusted gross margin 110 bps to 36.3%
- ✓ Expanded adjusted operating profit margin 70 bps to 17.5%
- ✓ Drove adjusted EPS growth of 6% to \$4.10 per share
- ✓ Delivered return on invested capital of ~44%
- ✓ Achieved 5-year compound annual adjusted earnings per share growth of over 12%, delivering on our target of double-digit EPS growth through cycles



Financial Targets

Full Year 2025 Adjusted EPS

- In the range of \$4.20 - \$4.45 per share

Adjusted Operating Profit Margin Targets

Segment	FY 2025	FY 2026
Plumbing Products	~19-19.5%	~20%
Decorative Architectural Products	~19-19.5%	~19-20%
Masco	~18%	~18.5%

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Financial / Operations Review

Rick Westenberg

Masco Corporation

Quarter Highlights

- Total company sales decreased 3%, or increased 1% excluding the impacts of divestiture and currency
- In local currency, North American sales decreased 4%, or increased 1% excluding divestiture
- In local currency, International sales increased 2%
- Operating profit increase driven by cost savings initiatives and lower expenses, partially offset by an unfavorable price/cost relationship

(\$ in Millions)	Fourth Quarter 2024	Full Year 2024
Revenue Y-O-Y Change	\$1,828 (3)%	\$7,828 (2)%
Operating Profit* Y-O-Y Change	\$291 \$19	\$1,372 \$36
Operating Margin* Y-O-Y Change	15.9% 140 bps	17.5% 70 bps
EPS* Y-O-Y Change	\$0.89 7%	\$4.10 6%



Plumbing Products Segment

Quarter Highlights

- Total segment sales decreased 1%
- Currency had a minimal impact
- In local currency, North American sales decreased 2%
- In local currency, International sales increased 2%
- Operating profit increase driven by cost savings initiatives and lower expenses, partially offset by unfavorable volume/mix and higher commodity and freight costs

(\$ in Millions)	Fourth Quarter 2024	Full Year 2024
Revenue Y-O-Y Change	\$1,189 (1)%	\$4,853 —%
Operating Profit* Y-O-Y Change	\$200 \$2	\$920 \$50
Operating Margin* Y-O-Y Change	16.8% 40 bps	19.0% 100 bps

Decorative Architectural Products Segment

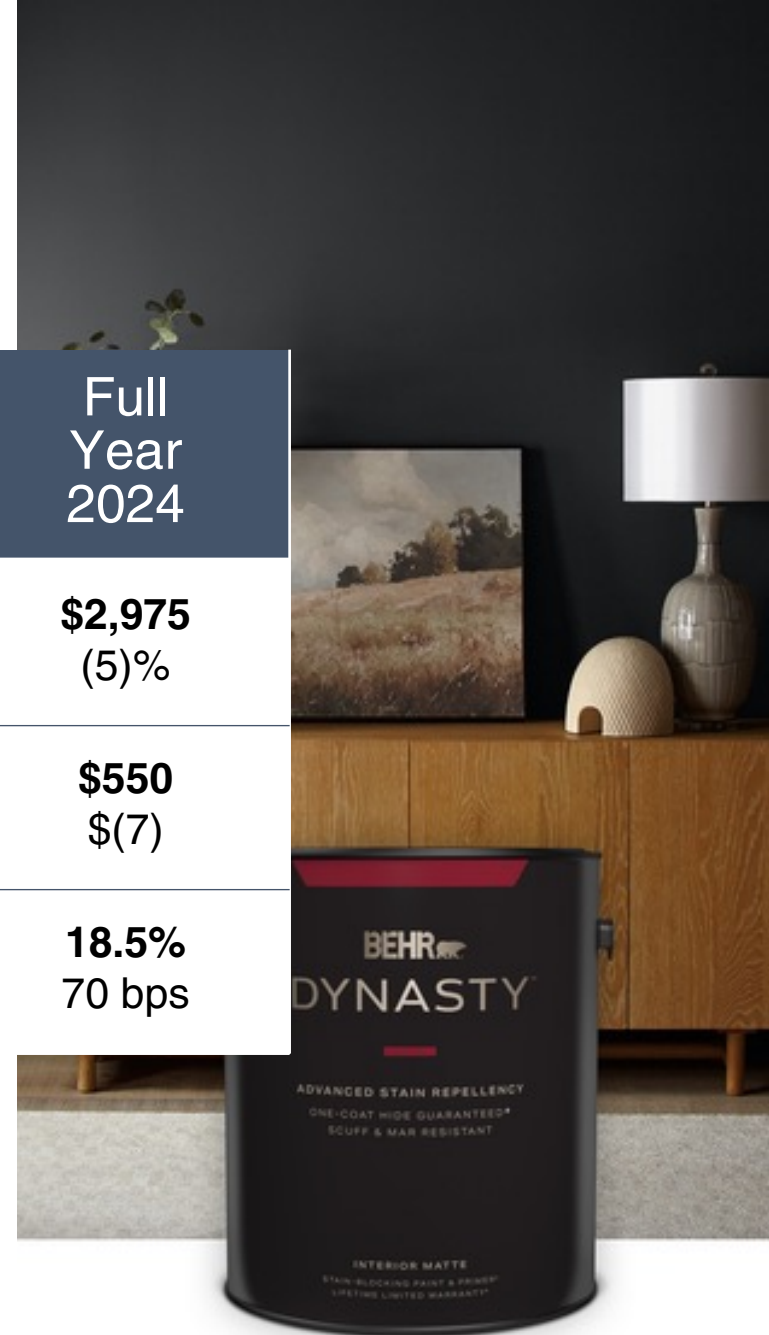
Quarter Highlights

- Total segment sales decreased 6% primarily due to our divestiture
- Paint & other coating products sales increased mid single digits aided by the favorable impact of inventory timing; excluding this impact:
 - Total paint sales were down low single digits
 - PRO paint sales increased high single digits
 - DIY paint decreased mid single digits
- Operating profit increase driven by incremental volume and cost savings initiatives, partially offset by an unfavorable price/cost relationship

(\$ in Millions)	Fourth Quarter 2024	Full Year 2024
Revenue	\$639	\$2,975
Y-O-Y Change	(6)%	(5)%
Operating Profit*	\$113	\$550
Y-O-Y Change	\$13	\$(7)
Operating Margin*	17.7%	18.5%
Y-O-Y Change	290 bps	70 bps



* As adjusted excludes business rationalization charges for the full year 2024 and full year 2023 of \$1 million and \$4 million, respectively. The fourth quarter and full year of 2023 excludes an impairment charge for other intangible assets of \$15 million. The full year of 2023 also excludes an insurance settlement of \$40 million.



Strong Balance Sheet

Masco Corporation

Balance Sheet Metrics as of 12/31/2024

Cash and cash investments	\$634M
Revolver availability	<u>\$1,000M</u>
Total liquidity	\$1,634M
Gross debt to EBITDA ¹	1.9x
Working capital as a % of sales ¹	15.1%
Free cash flow conversion rate ¹	96%



Full Year 2025 Outlook

2025 Forecasted Adjusted EPS \$4.20 - \$4.45

Business Segment	2025 Forecasted Sales Change	2025 Forecasted Adjusted Operating Profit Margin
Plumbing Products	Flat to Up Low Single Digits	~19-19.5%
Decorative Architectural Products	Down Mid Single Digits	~19-19.5%
Total Masco	Down Low Single Digits	~18%

Assumptions:

- 2025 guidance includes the impact of the recently enacted China tariffs, net of mitigation actions, but not does not include potential future tariffs
- Global repair and remodel market: flat to down low single digits
 - North American repair and remodel market: roughly flat
 - Masco International markets in aggregate: down low single digits
- Year over year unfavorable sales impacts:
 - Divestiture: Masco ~2%; Decorative Architectural Products ~6%
 - Currency: Masco ~1%; Plumbing Products ~1%



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Q&A

Keith Allman

Rick Westenberg

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Appendix



2025 Assumptions

Item	Assumption
Tax rate	24.5%
General corporate expense	~\$100m
Interest and other expense	~\$105m
Capital expenditures (includes maintenance capex of ~\$75m)	~\$175m
Depreciation and amortization ¹	~\$150m
Unfavorable foreign currency translation impact to sales ²	~\$70m
Share repurchase or acquisitions	~\$600m
Average diluted share count for 2025	~211m
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

2 Maintain investment grade credit rating

- Target gross debt to EBITDA below 2.5x

3 Maintain relevant dividend

- Board declared a quarterly dividend of \$0.31, a 7% increase, payable on March 10, 2025, to shareholders of record on February 21, 2025
- Current expected annual dividend of \$1.24 *(subject to future board declaration)*
- 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 2025



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



MASCO

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%

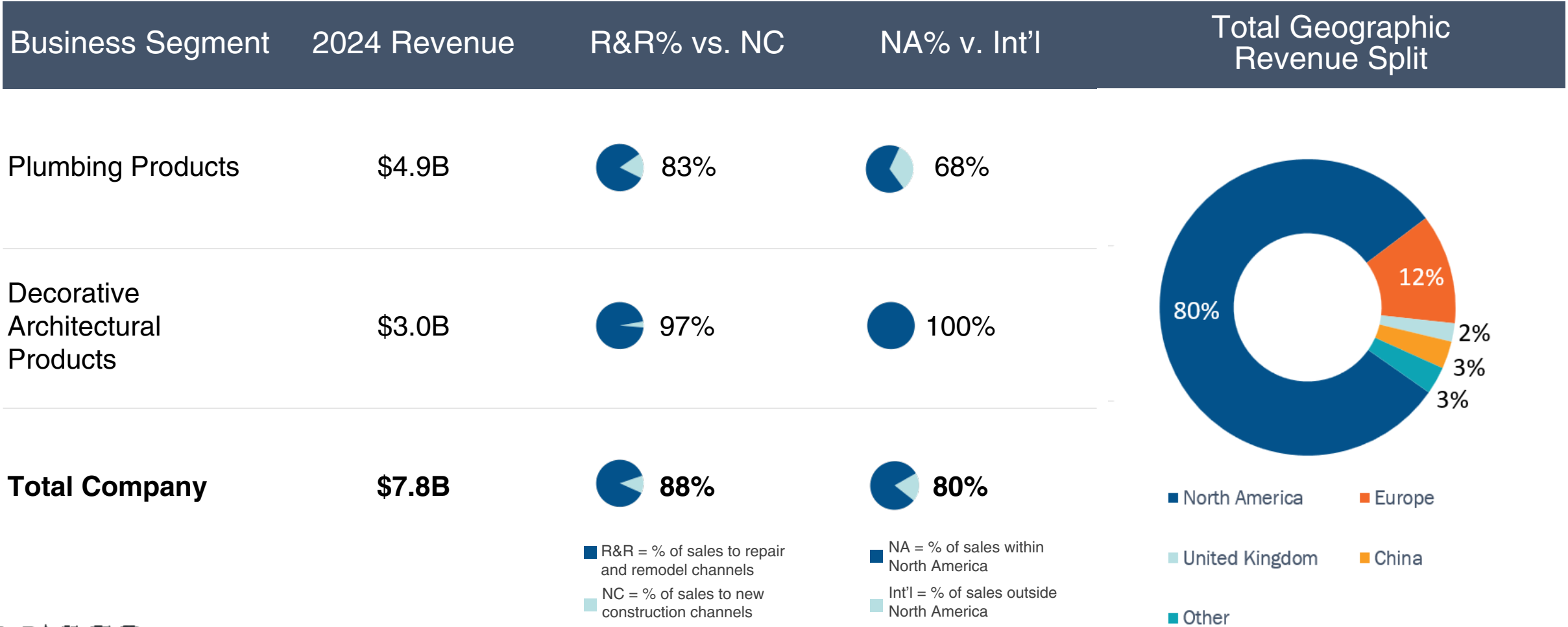
Capital deployment

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

Average annual EPS growth

- ~10%

2024 Segment Mix*



2024 Channel Mix*

2024 Channel Mix as a Percentage of Sales			
Channel	Plumbing Products	Decorative Architectural Products	Total Masco
Retail	19%	88%	46%
Wholesale/trade/dealer	52%	8%	35%
E-commerce	18%	4%	12%
Specialty Dealer/Other	11%	0%	7%

Profit Reconciliations – Fourth Quarter

(\$ in Millions)	Q4 2024	Q4 2023
Net sales	\$ 1,828	\$ 1,882
Gross profit, as reported	\$ 635	\$ 653
Rationalization charges	1	7
Gross profit, as adjusted	\$ 636	\$ 660
<i>Gross margin, as reported</i>	34.7 %	34.7 %
<i>Gross margin, as adjusted</i>	34.8 %	35.1 %
Selling, general and administrative expenses, as reported	\$ 346	\$ 391
Rationalization charges	—	3
Selling, general and administrative expenses, as adjusted	\$ 345	\$ 388
<i>Selling, general and administrative expenses as a percent of net sales, as reported</i>	18.9 %	20.8 %
<i>Selling, general and administrative expenses as a percent of net sales, as adjusted</i>	18.9 %	20.6 %
Operating profit, as reported	\$ 290	\$ 247
Rationalization charges	1	10
Impairment charge for other intangible assets	—	15
Operating profit, as adjusted	\$ 291	\$ 272
<i>Operating margin, as reported</i>	15.9 %	13.1 %
<i>Operating margin, as adjusted</i>	15.9 %	14.5 %

Amounts may not add due to rounding.

Profit Reconciliations – Full Year

(\$ in Millions)	2024	2023
Net sales	\$ 7,828	\$ 7,967
Gross profit, as reported	\$ 2,831	\$ 2,836
Rationalization charges	7	9
Insurance settlement (1)	—	(40)
Gross profit, as adjusted	\$ 2,838	\$ 2,805
<i>Gross margin, as reported</i>	36.2 %	35.6 %
<i>Gross margin, as adjusted</i>	36.3 %	35.2 %
Selling, general and administrative expenses, as reported	\$ 1,468	\$ 1,473
Rationalization charges	2	4
Selling, general and administrative expenses, as adjusted	\$ 1,466	\$ 1,469
<i>Selling, general and administrative expenses as a percent of net sales, as reported</i>	18.8 %	18.5 %
<i>Selling, general and administrative expenses as a percent of net sales, as adjusted</i>	18.7 %	18.4 %
Operating profit, as reported	\$ 1,363	\$ 1,348
Rationalization charges	9	13
Impairment charge for other intangible assets	—	15
Insurance settlement (1)	—	(40)
Operating profit, as adjusted	\$ 1,372	\$ 1,336
<i>Operating margin, as reported</i>	17.4 %	16.9 %
<i>Operating margin, as adjusted</i>	17.5 %	16.8 %

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

Amounts may not add due to rounding.

EPS Reconciliation – Fourth Quarter

<i>(\$ in Millions, Except per Common Share Data)</i>	Q4 2024	Q4 2023
Income before income taxes, as reported	\$ 258	\$ 233
Rationalization charges	1	10
Impairment charge for other intangible assets	—	15
Loss on sale of business (1)	8	—
Income before income taxes, as adjusted	\$ 267	\$ 257
Tax at 24.5% rate	(65)	(63)
Less: Net income attributable to noncontrolling interest	11	9
Net income, as adjusted	\$ 191	\$ 185
 Net income per common share, as adjusted	 \$ 0.89	 \$ 0.83
 Average diluted common shares outstanding	 215	 224

(1) Represents the loss for the three months ended December 31, 2024 from the sale of our Kichler Lighting business.

EPS Reconciliation – Full Year

<i>(\$ in Millions, Except per Common Share Data)</i>	2024	2023	2019
Income from continuing operations before income taxes, as reported	\$ 1,161	\$ 1,238	\$ 914
Rationalization charges	9	13	13
Impairment charge for other intangible assets	—	15	9
Loss on sale of business (1)	88	—	—
Realized (gains) from private equity funds	(1)	(1)	—
Loss (income) from equity investments, net	—	1	(1)
Insurance settlement (2)	—	(40)	—
Income from continuing operations before income taxes, as adjusted	\$ 1,257	\$ 1,226	\$ 935
Tax at 24.5% rate (25% for 2019)	(308)	(300)	(234)
Less: Net income attributable to noncontrolling interest	52	52	45
Income from continuing operations, as adjusted	\$ 897	\$ 873	\$ 656
Income from continuing operations per common share, as adjusted	\$ 4.10	\$ 3.86	\$ 2.28
Average diluted common shares outstanding	219	226	288

(1) Represents the loss for the year ended December 31, 2024 from the sale of our Kichler Lighting business.

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

Return on Invested Capital Reconciliation

Return on Invested Capital Reconciliation (\$ in Millions)		December 31, 2024
Operating profit, as adjusted		\$ 1,372
Tax at 24.5% rate		(336)
Operating profit after income taxes, as adjusted		<u>\$ 1,036</u>
Average invested capital		
Average shareholders' equity	23	
Average debt	2,948	
Less: Average cash and cash investments	(634)	
	<u></u>	\$ 2,337
Return on invested capital		44 %

Free Cash Flow Reconciliation

Free Cash Flow Reconciliation (\$ in Millions)	Year Ended December 31, 2024	
Net cash from operating activities	\$	1,075
Less: Capital expenditures		(168)
Free cash flow		907
Income before income taxes, as adjusted	\$	1,257
Tax at 24.5% rate		(308)
Net income, as adjusted (including noncontrolling interest)	\$	949
Free cash flow conversion rate		96 %

EPS Outlook Reconciliation

	2025	
	Low End	High End
Net income per common share	\$ 4.20	\$ 4.45
Rationalization charges	—	—
Net income per common share, as adjusted	<u>\$ 4.20</u>	<u>\$ 4.45</u>

Gross Debt to EBITDA Reconciliation

December 31, 2024		
Debt	\$	2,948
TTM December 31, 2024		
Operating profit, as reported	\$	1,363
Rationalization charges		9
Operating profit, as adjusted	\$	1,372
Depreciation and amortization		150
EBITDA, as adjusted	\$	1,522
Debt to EBITDA		1.9 x

Working Capital as a % of Sales

(in Millions)	As Reported December 31, 2024	
Receivables	\$	1,035
Inventories		938
Less: Accounts payable		(789)
Working Capital	\$	1,184
Net sales	\$	7,828
Working capital as a % of sales		15.1 %