

MASCO CORPORATION
Condensed Consolidated Statements of Operations - Unaudited
For the Three Months Ended March 31, 2018 and 2017

(in millions, except per common share data)

	Three Months Ended March 31,	
	2018	2017
Net sales	\$ 1,920	\$ 1,778
Cost of sales	1,301	1,173
Gross profit	619	605
Selling, general and administrative expenses	375	348
Operating profit	244	257
Other income (expense), net:		
Interest expense	(41)	(43)
Other, net	(3)	(4)
	(44)	(47)
Income before income taxes	200	210
Income tax expense	39	62
Net income	161	148
Less: Net income attributable to noncontrolling interest	12	10
Net income attributable to Masco Corporation	\$ 149	\$ 138
Income per common share attributable to Masco Corporation (diluted):		
Net income	\$ 0.47	\$ 0.43
Average diluted common shares outstanding	313	321

Historical information is available on our website.

MASCO CORPORATION
Exhibit A: Reconciliations - Unaudited
For the Three Months Ended March 31, 2018 and 2017

(dollars in millions)

	Three Months Ended March 31,	
	2018	2017
<u>Gross Profit, Selling, General and Administrative Expenses, and Operating Profit Reconciliations</u>		
Net sales	\$ 1,920	\$ 1,778
Gross profit, as reported	\$ 619	\$ 605
Rationalization charges	1	2
Kichler inventory step up adjustment	5	—
Gross profit, as adjusted	\$ 625	\$ 607
Gross margin, as reported	32.2%	34.0%
Gross margin, as adjusted	32.6%	34.1%
Selling, general and administrative expenses, as reported	\$ 375	\$ 348
Selling, general and administrative expenses as percent of net sales, as reported	19.5%	19.6%
Operating profit, as reported	\$ 244	\$ 257
Rationalization charges	1	2
Kichler inventory step up adjustment	5	—
Operating profit, as adjusted	\$ 250	\$ 259
Operating margin, as reported	12.7%	14.5%
Operating margin, as adjusted	13.0%	14.6%

Historical information is available on our website.

MASCO CORPORATION
Exhibit A: Reconciliations - Unaudited
For the Three Months Ended March 31, 2018 and 2017

(in millions, except per common share data)

	Three Months Ended March 31,	
	2018	2017
<u>Income Per Common Share Reconciliations</u>		
Income before income taxes, as reported	\$ 200	\$ 210
Rationalization charges	1	2
Kichler inventory step up adjustment	5	—
(Gains) from private equity funds, net	—	(1)
Income before income taxes, as adjusted	206	211
Tax at 26% rate (34% for 2017)	(54)	(72)
Less: Net income attributable to noncontrolling interest	12	10
Net income, as adjusted	\$ 140	\$ 129
Net income per common share, as adjusted	\$ 0.45	\$ 0.40
Average diluted common shares outstanding	313	321

Outlook for the Twelve Months Ended December 31, 2018

	Twelve Months Ended December 31, 2018	
	Low End	High End
<u>Income Per Common Share Outlook</u>		
Net income per common share	\$ 2.36	\$ 2.51
Rationalization charges	0.01	0.01
Kichler inventory purchase accounting adjustment	0.09	0.09
Allocation to participating securities per share (1)	0.02	0.02
Net income per common share, as adjusted	\$ 2.48	\$ 2.63

(1) Represents the impact of distributed dividends and undistributed earnings to unvested restricted stock awards in accordance with the two-class method of calculating earnings per share.

Historical information is available on our website.

MASCO CORPORATION
Condensed Consolidated Balance Sheets and Other Financial Data - Unaudited
March 31, 2018 and December 31, 2017

(dollars in millions)

	March 31, 2018	December 31, 2017
Balance Sheet		
Assets		
Current Assets:		
Cash and cash investments	\$ 370	\$ 1,194
Short-term bank deposits	99	108
Receivables	1,356	1,066
Inventories	1,050	784
Prepaid expenses and other	118	111
Total Current Assets	<u>2,993</u>	<u>3,263</u>
Property and equipment, net	1,183	1,129
Goodwill	891	841
Other intangible assets, net	429	187
Other assets	134	114
Total Assets	<u>\$ 5,630</u>	<u>\$ 5,534</u>
Liabilities		
Current Liabilities:		
Accounts payable	\$ 1,008	\$ 824
Notes payable	116	116
Accrued liabilities	646	727
Total Current Liabilities	<u>1,770</u>	<u>1,667</u>
Long-term debt	2,971	2,969
Other liabilities	706	715
Total Liabilities	<u>5,447</u>	<u>5,351</u>
Equity	183	183
Total Liabilities and Equity	<u>\$ 5,630</u>	<u>\$ 5,534</u>

	As of March 31,	
	2018	2017
Other Financial Data		
Working Capital Days		
Receivable days	57	53
Inventory days	71	61
Payable days	71	71
Working capital	\$ 1,398	\$ 1,086
Working capital as a % of sales (LTM)	18.0%	14.6%

Historical information is available on our website.

MASCO CORPORATION
Condensed Consolidated Statements of Cash Flows and Other Financial Data - Unaudited
For the Three Months Ended March 31, 2018 and 2017

(dollars in millions)

	Three Months Ended March 31,	
	2018	2017
Cash Flows From (For) Operating Activities:		
Cash provided by operating activities	\$ 210	\$ 246
Working capital changes	(265)	(395)
Net cash for operating activities	(55)	(149)
Cash Flows From (For) Financing Activities:		
Purchase of Company common stock	(150)	(87)
Cash dividends paid	(33)	(32)
Employee withholding taxes paid on stock-based compensation	(32)	(14)
Net cash for financing activities	(215)	(133)
Cash Flows From (For) Investing Activities:		
Capital expenditures	(40)	(37)
Acquisition of businesses, net of cash acquired	(548)	—
Other, net	14	11
Net cash for investing activities	(574)	(26)
Effect of exchange rate changes on cash and cash investments	20	7
Cash and Cash Investments:		
Decrease for the period	(824)	(301)
At January 1	1,194	990
At March 31	\$ 370	\$ 689

	As of March 31,	
	2018	2017
Liquidity		
Cash and cash investments	\$ 370	\$ 689
Short-term bank deposits	99	194
Total Liquidity	\$ 469	\$ 883

Historical information is available on our website.

MASCO CORPORATION
Segment Data - Unaudited
For the Three Months Ended March 31, 2018 and 2017

(dollars in millions)

	Three Months Ended March 31,		Change
	2018	2017	
Plumbing Products			
Net sales	\$ 971	\$ 872	11 %
Operating profit, as reported	\$ 163	\$ 162	
<i>Operating margin, as reported</i>	<i>16.8%</i>	<i>18.6%</i>	
Rationalization charges	1	—	
Operating profit, as adjusted	164	162	
<i>Operating margin, as adjusted</i>	<i>16.9%</i>	<i>18.6%</i>	
Depreciation and amortization	18	14	
EBITDA, as adjusted	\$ 182	\$ 176	
Decorative Architectural Products			
Net sales	\$ 545	\$ 496	10 %
Operating profit, as reported	\$ 89	\$ 94	
<i>Operating margin, as reported</i>	<i>16.3%</i>	<i>19.0%</i>	
Kichler inventory step up adjustment	5	—	
Operating profit, as adjusted	94	94	
<i>Operating margin, as adjusted</i>	<i>17.2%</i>	<i>19.0%</i>	
Depreciation and amortization	5	4	
EBITDA, as adjusted	\$ 99	\$ 98	
Cabinetry Products			
Net sales	\$ 217	\$ 231	(6)%
Operating profit, as reported	\$ 6	\$ 16	
<i>Operating margin, as reported</i>	<i>2.8%</i>	<i>6.9%</i>	
Rationalization charges	—	2	
Operating profit, as adjusted	6	18	
<i>Operating margin, as adjusted</i>	<i>2.8%</i>	<i>7.8%</i>	
Depreciation and amortization	3	4	
EBITDA, as adjusted	\$ 9	\$ 22	

Historical information is available on our website.

MASCO CORPORATION
Segment Data - Unaudited
For the Three Months Ended March 31, 2018 and 2017

(dollars in millions)

	Three Months Ended March 31,		Change
	2018	2017	
Windows and Other Specialty Products			
Net sales	\$ 187	\$ 179	4%
Operating profit, as reported	\$ 4	\$ 8	
<i>Operating margin, as reported</i>	<i>2.1%</i>	<i>4.5%</i>	
Depreciation and amortization	6	5	
EBITDA	\$ 10	\$ 13	
Total			
Net sales	\$ 1,920	\$ 1,778	8%
Operating profit, as reported - segment	\$ 262	\$ 280	
General corporate expense, net (GCE)	(18)	(23)	
Operating profit, as reported	244	257	
<i>Operating margin, as reported</i>	<i>12.7%</i>	<i>14.5%</i>	
Rationalization charges - segment	1	2	
Kichler inventory step up adjustment	5	—	
Operating profit, as adjusted	250	259	
<i>Operating margin, as adjusted</i>	<i>13.0%</i>	<i>14.6%</i>	
Depreciation and amortization - segment	32	27	
Depreciation and amortization - non-operating	2	4	
EBITDA, as adjusted	\$ 284	\$ 290	

Historical information is available on our website.

MASCO CORPORATION
North American and International Data - Unaudited
For the Three Months Ended March 31, 2018 and 2017

(dollars in millions)

	Three Months Ended March 31,		Change
	2018	2017	
North American			
Net sales	\$ 1,516	\$ 1,412	7%
Operating profit, as reported	\$ 218	\$ 238	
<i>Operating margin, as reported</i>	<i>14.4%</i>	<i>16.9%</i>	
Rationalization charges	1	2	
Kichler inventory step up adjustment	5	—	
Operating profit, as adjusted	224	240	
<i>Operating margin, as adjusted</i>	<i>14.8%</i>	<i>17.0%</i>	
Depreciation and amortization	21	18	
EBITDA, as adjusted	\$ 245	\$ 258	
International			
Net sales	\$ 404	\$ 366	10%
Operating profit, as reported	\$ 44	\$ 42	
<i>Operating margin, as reported</i>	<i>10.9%</i>	<i>11.5%</i>	
Depreciation and amortization	11	9	
EBITDA	\$ 55	\$ 51	
Total			
Net sales	\$ 1,920	\$ 1,778	8%
Operating profit, as reported - segment	\$ 262	\$ 280	
General corporate expense, net (GCE)	(18)	(23)	
Operating profit, as reported	244	257	
<i>Operating margin, as reported</i>	<i>12.7%</i>	<i>14.5%</i>	
Rationalization charges - segment	1	2	
Kichler inventory step up adjustment	5	—	
Operating profit, as adjusted	250	259	
<i>Operating margin, as adjusted</i>	<i>13.0%</i>	<i>14.6%</i>	
Depreciation and amortization - segment	32	27	
Depreciation and amortization - non-operating	2	4	
EBITDA, as adjusted	\$ 284	\$ 290	

Historical information is available on our website.