

MASCO CORPORATION
Condensed Consolidated Statements of Operations - Unaudited
For the Three Months Ended March 31, 2019 and 2018

(in millions, except per common share data)

| | Three Months Ended March 31, | |
|--|------------------------------|----------|
| | 2019 | 2018 |
| Net sales | \$ 1,908 | \$ 1,920 |
| Cost of sales | 1,309 | 1,301 |
| Gross profit | 599 | 619 |
| Selling, general and administrative expenses | 372 | 375 |
| Impairment charges for goodwill and other intangible assets | 16 | — |
| Operating profit | 211 | 244 |
| Other income (expense), net: | | |
| Interest expense | (39) | (41) |
| Other, net | (4) | (3) |
| | (43) | (44) |
| Income before income taxes | 168 | 200 |
| Income tax expense | 41 | 39 |
| Net income | 127 | 161 |
| Less: Net income attributable to noncontrolling interest | 11 | 12 |
| Net income attributable to Masco Corporation | \$ 116 | \$ 149 |
| Income per common share attributable to Masco Corporation (diluted): | | |
| Net income | \$ 0.39 | \$ 0.47 |
| Average diluted common shares outstanding | 294 | 313 |

Historical information is available on our website.

MASCO CORPORATION
Exhibit A: Reconciliations - Unaudited
For the Three Months Ended March 31, 2019 and 2018

(dollars in millions)

| | Three Months Ended March 31, | |
|--|------------------------------|-----------------|
| | 2019 | 2018 |
| <u>Gross Profit, Selling, General and Administrative Expenses, and Operating Profit Reconciliations</u> | | |
| Net sales | \$ 1,908 | \$ 1,920 |
| Gross profit, as reported | \$ 599 | \$ 619 |
| Rationalization charges | — | 1 |
| Kichler inventory step up adjustment | — | 5 |
| Gross profit, as adjusted | \$ 599 | \$ 625 |
| Gross margin, as reported | 31.4% | 32.2% |
| Gross margin, as adjusted | 31.4% | 32.6% |
| Selling, general and administrative expenses, as reported | \$ 372 | \$ 375 |
| Professional fees related to strategic alternatives | 3 | — |
| Selling, general and administrative expenses, as adjusted | \$ 369 | \$ 375 |
| Selling, general and administrative expenses as percent of net sales, as reported | 19.5% | 19.5% |
| Selling, general and administrative expenses as percent of net sales, as adjusted | 19.3% | 19.5% |
| Operating profit, as reported | \$ 211 | \$ 244 |
| Rationalization charges | — | 1 |
| Kichler inventory step up adjustment | — | 5 |
| Impairment charges for goodwill and other intangible assets | 16 | — |
| Professional fees related to strategic alternatives | 3 | — |
| Operating profit, as adjusted | \$ 230 | \$ 250 |
| Operating margin, as reported | 11.1% | 12.7% |
| Operating margin, as adjusted | 12.1% | 13.0% |

Historical information is available on our website.

MASCO CORPORATION
Exhibit A: Reconciliations - Unaudited
For the Three Months Ended March 31, 2019 and 2018

(in millions, except per common share data)

| | Three Months Ended March 31, | |
|---|------------------------------|----------------|
| | 2019 | 2018 |
| <u>Income Per Common Share Reconciliations</u> | | |
| Income before income taxes, as reported | \$ 168 | \$ 200 |
| Rationalization charges | — | 1 |
| Kichler inventory step up adjustment | — | 5 |
| Impairment charges for goodwill and other intangible assets | 16 | — |
| Professional fees related to strategic alternatives | 3 | — |
| Income before income taxes, as adjusted | 187 | 206 |
| Tax at 25% rate | (47) | (52) |
| Less: Net income attributable to noncontrolling interest | 11 | 12 |
| Net income, as adjusted | \$ 129 | \$ 142 |
| Net income per common share, as adjusted | \$ 0.44 | \$ 0.45 |
| Average diluted common shares outstanding | 294 | 313 |

Outlook for the Twelve Months Ended December 31, 2019

| | Twelve Months Ended December 31, 2019 | |
|---|---------------------------------------|----------------|
| | Low End | High End |
| <u>Income Per Common Share Outlook</u> | | |
| Net income per common share | \$ 2.52 | \$ 2.72 |
| Rationalization charges | 0.01 | 0.01 |
| Impairment charges for goodwill and other intangible assets | 0.04 | 0.04 |
| Professional fees related to strategic alternatives | 0.01 | 0.01 |
| Allocation to participating securities per share (1) | 0.02 | 0.02 |
| Net income per common share, as adjusted | \$ 2.60 | \$ 2.80 |

(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, 2019 and December 31, 2018

(dollars in millions)

| | March 31, 2019 | December 31, 2018 |
|-------------------------------------|-----------------|-------------------|
| Balance Sheet | | |
| Assets | | |
| Current Assets: | | |
| Cash and cash investments | \$ 316 | \$ 559 |
| Receivables | 1,321 | 1,153 |
| Inventories | 1,011 | 946 |
| Prepaid expenses and other | 110 | 108 |
| Total Current Assets | <u>2,758</u> | <u>2,766</u> |
| Property and equipment, net | 1,222 | 1,223 |
| Operating lease right-of-use assets | 225 | — |
| Goodwill | 889 | 898 |
| Other intangible assets, net | 392 | 406 |
| Other assets | 116 | 100 |
| Total Assets | <u>\$ 5,602</u> | <u>\$ 5,393</u> |
| Liabilities | | |
| Current Liabilities: | | |
| Accounts payable | \$ 954 | \$ 926 |
| Notes payable | 295 | 8 |
| Accrued liabilities | 680 | 750 |
| Total Current Liabilities | <u>1,929</u> | <u>1,684</u> |
| Long-term debt | 2,771 | 2,971 |
| Other liabilities | 860 | 669 |
| Total Liabilities | <u>5,560</u> | <u>5,324</u> |
| Equity | 42 | 69 |
| Total Liabilities and Equity | <u>\$ 5,602</u> | <u>\$ 5,393</u> |

As of March 31,

| | 2019 | 2018 |
|---------------------------------------|----------|----------|
| Other Financial Data | | |
| Working Capital Days | | |
| Receivable days | 56 | 57 |
| Inventory days | 69 | 71 |
| Payable days | 72 | 71 |
| Working capital | \$ 1,378 | \$ 1,398 |
| Working capital as a % of sales (LTM) | 16.5% | 18.0% |

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, 2019 and 2018

(dollars in millions)

| | Three Months Ended March 31, | |
|--|------------------------------|--------|
| | 2019 | 2018 |
| Cash Flows From (For) Operating Activities: | | |
| Cash provided by operating activities | \$ 183 | \$ 210 |
| Working capital changes | (314) | (265) |
| Net cash for operating activities | (131) | (55) |
| Cash Flows From (For) Financing Activities: | | |
| Purchase of Company common stock | (116) | (150) |
| Proceeds from revolving credit borrowings, net | 87 | — |
| Cash dividends paid | (35) | (33) |
| Proceeds from the exercise of stock options | 9 | — |
| Employee withholding taxes paid on stock-based compensation | (14) | (32) |
| Payment of debt | (1) | — |
| Credit Agreement and other financing costs | (2) | — |
| Net cash for financing activities | (72) | (215) |
| Cash Flows From (For) Investing Activities: | | |
| Capital expenditures | (38) | (40) |
| Acquisition of business, net of cash acquired | — | (548) |
| Other, net | — | 14 |
| Net cash for investing activities | (38) | (574) |
| Effect of exchange rate changes on cash and cash investments | (2) | 20 |
| Cash and Cash Investments: | | |
| Decrease for the period | (243) | (824) |
| At January 1 | 559 | 1,194 |
| At March 31 | \$ 316 | \$ 370 |

| | As of March 31, | |
|---------------------------|-----------------|---------------|
| | 2019 | 2018 |
| Liquidity | | |
| Cash and cash investments | \$ 316 | \$ 370 |
| Short-term bank deposits | — | 99 |
| Total Liquidity | \$ 316 | \$ 469 |

Historical information is available on our website.

MASCO CORPORATION
Segment Data - Unaudited
For the Three Months Ended March 31, 2019 and 2018

(dollars in millions)

| | Three Months Ended March 31, | | Change |
|---|------------------------------|--------|--------|
| | 2019 | 2018 | |
| Plumbing Products | | | |
| Net sales | \$ 940 | \$ 971 | (3)% |
| Operating profit, as reported | \$ 153 | \$ 163 | |
| <i>Operating margin, as reported</i> | 16.3% | 16.8% | |
| Rationalization charges | — | 1 | |
| Operating profit, as adjusted | 153 | 164 | |
| <i>Operating margin, as adjusted</i> | 16.3% | 16.9% | |
| Depreciation and amortization | 19 | 18 | |
| EBITDA, as adjusted | \$ 172 | \$ 182 | |
| Decorative Architectural Products | | | |
| Net sales | \$ 573 | \$ 545 | 5 % |
| Operating profit, as reported | \$ 73 | \$ 89 | |
| <i>Operating margin, as reported</i> | 12.7% | 16.3% | |
| Kichler inventory step up adjustment | — | 5 | |
| Impairment charge for other intangible assets | 9 | — | |
| Operating profit, as adjusted | 82 | 94 | |
| <i>Operating margin, as adjusted</i> | 14.3% | 17.2% | |
| Depreciation and amortization | 10 | 5 | |
| EBITDA, as adjusted | \$ 92 | \$ 99 | |
| Cabinetry Products | | | |
| Net sales | \$ 237 | \$ 217 | 9 % |
| Operating profit, as reported | \$ 20 | \$ 6 | |
| <i>Operating margin, as reported</i> | 8.4% | 2.8% | |
| Professional fees related to strategic alternatives | 2 | — | |
| Operating profit, as adjusted | 22 | 6 | |
| <i>Operating margin, as adjusted</i> | 9.3% | 2.8% | |
| Depreciation and amortization | 3 | 3 | |
| EBITDA, as adjusted | \$ 25 | \$ 9 | |

Historical information is available on our website.

MASCO CORPORATION
Segment Data - Unaudited
For the Three Months Ended March 31, 2019 and 2018

(dollars in millions)

| | Three Months Ended March 31, | | Change |
|---|------------------------------|--------------|--------|
| | 2019 | 2018 | |
| Windows and Other Specialty Products | | | |
| Net sales | \$ 158 | \$ 187 | (16)% |
| Operating (loss) profit, as reported | \$ (11) | \$ 4 | |
| <i>Operating margin, as reported</i> | <i>(7.0)%</i> | <i>2.1%</i> | |
| Impairment charge for goodwill | 7 | — | |
| Professional fees related to strategic alternatives | 1 | — | |
| Operating (loss) profit, as adjusted | (3) | 4 | |
| <i>Operating margin, as adjusted</i> | <i>(1.9)%</i> | <i>2.1%</i> | |
| Depreciation and amortization | 6 | 6 | |
| EBITDA, as adjusted | \$ 3 | \$ 10 | |
| Total | | | |
| Net sales | \$ 1,908 | \$ 1,920 | (1)% |
| Operating profit, as reported - segment | \$ 235 | \$ 262 | |
| General corporate expense, net | (24) | (18) | |
| Operating profit, as reported | 211 | 244 | |
| <i>Operating margin, as reported</i> | <i>11.1 %</i> | <i>12.7%</i> | |
| Rationalization charges - segment | — | 1 | |
| Kichler inventory step up adjustment | — | 5 | |
| Impairment charges for goodwill and other intangible assets | 16 | — | |
| Professional fees related to strategic alternatives | 3 | — | |
| Operating profit, as adjusted | 230 | 250 | |
| <i>Operating margin, as adjusted</i> | <i>12.1 %</i> | <i>13.0%</i> | |
| Depreciation and amortization - segment | 38 | 32 | |
| Depreciation and amortization - non-operating | 2 | 2 | |
| EBITDA, as adjusted | \$ 270 | \$ 284 | |

Historical information is available on our website.

MASCO CORPORATION
North American and International Data - Unaudited
For the Three Months Ended March 31, 2019 and 2018

(dollars in millions)

| | Three Months Ended March 31, | | Change |
|---|------------------------------|----------|--------|
| | 2019 | 2018 | |
| North American | | | |
| Net sales | \$ 1,535 | \$ 1,516 | 1 % |
| Operating profit, as reported | \$ 202 | \$ 218 | |
| Operating margin, as reported | 13.2% | 14.4% | |
| Rationalization charges | — | 1 | |
| Kichler inventory step up adjustment | — | 5 | |
| Impairment charge for other intangible assets | 9 | — | |
| Professional fees related to strategic alternatives | 3 | — | |
| Operating profit, as adjusted | 214 | 224 | |
| Operating margin, as adjusted | 13.9% | 14.8% | |
| Depreciation and amortization | 27 | 21 | |
| EBITDA, as adjusted | \$ 241 | \$ 245 | |
| International | | | |
| Net sales | \$ 373 | \$ 404 | (8)% |
| Operating profit, as reported | \$ 33 | \$ 44 | |
| Operating margin, as reported | 8.8% | 10.9% | |
| Impairment charge for goodwill | 7 | — | |
| Operating profit, as adjusted | 40 | 44 | |
| Operating margin, as adjusted | 10.7% | 10.9% | |
| Depreciation and amortization | 11 | 11 | |
| EBITDA, as adjusted | \$ 51 | \$ 55 | |
| Total | | | |
| Net sales | \$ 1,908 | \$ 1,920 | (1)% |
| Operating profit, as reported - segment | \$ 235 | \$ 262 | |
| General corporate expense, net | (24) | (18) | |
| Operating profit, as reported | 211 | 244 | |
| Operating margin, as reported | 11.1% | 12.7% | |
| Rationalization charges - segment | — | 1 | |
| Kichler inventory step up adjustment | — | 5 | |
| Impairment charges for goodwill and other intangible assets | 16 | — | |
| Professional fees related to strategic alternatives | 3 | — | |
| Operating profit, as adjusted | 230 | 250 | |
| Operating margin, as adjusted | 12.1% | 13.0% | |
| Depreciation and amortization - segment | 38 | 32 | |
| Depreciation and amortization - non-operating | 2 | 2 | |
| EBITDA, as adjusted | \$ 270 | \$ 284 | |

Historical information is available on our website.