



NEWS RELEASE

Masco Delivers Strong Fourth Quarter and Full-Year Results by Executing on Strategic Initiatives

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2015 Fourth Quarter Key Highlights

- Sales for the fourth quarter increased 3 percent to \$1.7 billion; sales increased 6 percent excluding the impact of foreign currency translation
- Adjusted operating profit grew 31 percent to \$219 million
- Adjusted operating profit margin for the quarter increased to 12.8 percent, a 280 basis point expansion
- Adjusted EPS for the quarter grew 61 percent to \$.29 per common share

TAYLOR, Mich.--(BUSINESS WIRE)-- Masco Corporation (NYSE: MAS), one of the world's leading manufacturers of branded home improvement and building products, reported net sales and adjusted operating profit growth in the fourth quarter of 2015. Adjusted operating profit margin rose to 12.8 percent, representing a 280 basis point increase over the prior year.

2015 Fourth Quarter Commentary

- Compared to fourth quarter 2014, net sales from continuing operations increased 3 percent to \$1.7 billion. In local currency, North American sales increased 6 percent and international sales increased 4 percent
- Compared to fourth quarter 2014, results for key financial measures, as adjusted for certain items (see Exhibit A) and with a normalized tax rate of 36 percent, were as follows:
 - Gross margins improved to 31.3 percent compared to 29.1 percent
 - Operating margins improved to 12.8 percent compared to 10.0 percent
 - Income from continuing operations was \$.29 per common share compared to \$.18 per common share
- Income from continuing operations, as reported, was \$.22 per common share
- Liquidity at the end of the fourth quarter was approximately \$1.7 billion



- 1.8 million shares were repurchased in the fourth quarter

2015 Fourth Quarter Operating Segment Highlights

- Plumbing Products' net sales increased 5 percent (10 percent excluding the impact of foreign currency translation) driven by growth across the segment
- Decorative Architectural Products' net sales decreased 4 percent, primarily due to challenging year-over-year comparisons driven by the timing of inventory replenishments in 2014
- Cabinets and Related Products' net sales increased 5 percent, fueled by continued growth in the retail and dealer channels
- Other Specialty Products' net sales increased 8 percent, led by the strong performance of our North American windows business

"Our fourth quarter results illustrate our ability to deliver consistent and profitable growth," said Masco President and CEO, Keith Allman. "Exceptional improvement in our U.S. cabinet business drove increased revenue and profit. Our industry-leading plumbing businesses continued their excellent performance trend and delivered another quarter of outstanding results. In our Decorative Architectural Products segment, the ongoing momentum of Behr Pro[®] and Liberty Hardware was masked by challenging year-over-year comparisons, while our windows businesses benefitted from increased demand in the U.S. and U.K."

2015 Full Year Key Highlights

- Sales for the full year increased 2 percent to \$7.1 billion; sales increased 6 percent excluding the impact of foreign currency translation
- Adjusted operating profit grew 19 percent to \$927 million
- Adjusted operating profit margin for the full year increased to 13 percent, a 190 basis point expansion
- Adjusted EPS for the year grew 35 percent to \$1.19 per common share

2015 Full Year Commentary

- Compared to full-year 2014, net sales increased 2 percent to \$7.1 billion. In local currency, North American sales increased 6 percent and international sales increased 5 percent
- Compared to full-year 2014, results for key financial measures, as adjusted for certain items (see Exhibit A) and with a normalized tax rate of 36 percent, were as follows:
 - Gross profit margins were 31.6 percent compared to 29.9 percent
 - Operating profit margins were 13.0 percent compared to 11.1 percent
 - Income from continuing operations was \$1.19 per common share compared to \$0.88 per common share
- Income from continuing operations, as reported, was \$1.03 per common share compared to \$2.28 per common share in 2014
- Free cash flow was nearly \$500 million

"2015 was a transformative year for Masco," said Keith Allman. "On June 30, 2015, we successfully completed the spinoff of our services businesses, transforming Masco into a branded home improvement and building products company. Our clear strategy and focused execution enabled us to

reach a number of milestones. We achieved record sales at Delta, Hansgrohe and Watkins and returned our U.S. cabinet business to profitability by improving adjusted operating profit over \$80 million. We also strengthened our balance sheet by generating nearly half a billion dollars in free cash flow and we ended the year with \$1.7 billion of liquidity. Furthermore, we demonstrated our continued commitment to return capital to shareholders by increasing our dividend and repurchasing over 17 million shares."

2016 Outlook

"We look forward to capitalizing on the momentum we've built this past year," continued Mr. Allman. "We remain confident in our ability to successfully execute against our long term growth strategies by leveraging our industry leading positions, robust innovation pipeline and our Masco Operating System. We expect that these growth strategies, coupled with our disciplined capital allocation approach, will continue to create shareholder value in 2016."

About Masco

Headquartered in Taylor, Mich., Masco Corporation is a global leader in the design, manufacture and distribution of branded home improvement and building products. Our portfolio of industry-leading brands includes Behr® paint; Delta® and Hansgrohe® faucets, bath and shower fixtures; KraftMaid® and Merillat® cabinets; Milgard® windows and doors; and Hot Spring® spas. We leverage our powerful brands across product categories, sales channels and geographies to create value for our customers and shareholders. For more information about Masco Corporation, visit www.masco.com.

The 2015 fourth quarter supplemental material, including a presentation in PDF format, is available on the Company's website at www.masco.com.

Conference Call Details

A conference call regarding items contained in this release is scheduled for Tuesday, February 9, 2016 at 8:00 a.m. ET. Participants in the call are asked to register five to ten minutes prior to the scheduled start time by dialing (855) 226-2726 (855-22MASCO) and from outside the U.S. at (706) 679-3614. Please use the conference identification number 19596574. The conference call will be webcast simultaneously and in its entirety through the Company's website. Shareholders, media representatives and others interested in Masco may participate in the webcast by registering through the Investor Relations section on the Company's website.

A replay of the call will be available on Masco's website or by phone by dialing (855) 859-2056 and from outside the U.S. at (404) 537-3406. Please use the conference identification number 19596574. The telephone replay will be available approximately two hours after the end of the call and continue through March 9, 2016.

Safe Harbor Statement

This press release 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 "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 home improvement activity and new home construction, our ability to maintain our strong brands and to develop and introduce new and improved products, our ability to maintain our competitive position in our industries, our reliance on key customers, our ability to achieve the anticipated benefits of our strategic initiatives, our ability to sustain the performance of our cabinetry businesses, the cost and availability of raw materials, our dependence on third party suppliers, and risks associated with international operations and global strategies. 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. The forward-looking statements in this press release speak only as of the date of this press release. 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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Source: Masco Corporation

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Investor Contact

Irene Tasi

Director – Investor Relations

313.792.5500

irene_tasi@mascohq.com