



NEWS RELEASE

Masco's Positive Momentum Continues in the Third Quarter

2015-10-27

Key Highlights

- Sales increased 4 percent excluding the effects of foreign currency translation
- North American sales increased 3 percent; International sales increased 4 percent in local currency
- Adjusted operating profit increased 16 percent to \$257 million
- Adjusted operating margins increased 190 bps to 14 percent
- Adjusted EPS increased 26 percent to \$.34 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 operating profit growth and flat net sales in the third quarter of 2015. Adjusted operating margins expanded to 14 percent, representing a 190 basis point increase over prior year.

"We are pleased with our third quarter financial performance and operating results," said Masco's President and CEO Keith Allman. "Our innovative products and programs, increased investment in our brands and consistent execution of our strategies drove our strong earnings performance. Furthermore, we reaffirmed our commitment to disciplined capital allocation by returning over \$230 million to shareholders through dividends and share repurchases in the third quarter of 2015."

2015 Third Quarter Commentary

- Net sales from continuing operations were flat at \$1.8 billion. North American sales increased 3 percent and international sales decreased 9 percent in U.S. dollars but increased 4 percent in local currency
- Compared to third 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 31.9 percent compared to 30.0 percent

- Operating margins improved to 14 percent compared to 12.1 percent
- Income from continuing operations was \$.34 per common share compared to \$.27 per common share
- Income from continuing operations, **as reported**, was \$.32 per common share
- Liquidity at the end of the third quarter was approximately \$1.5 billion
- Approximately 7.6 million shares were repurchased in the third quarter

2015 Third Quarter Operating Segment Highlights

- Plumbing Products' net sales were flat, but increased 6 percent excluding the effects of foreign currency translation, fueled by continued strength in the wholesale and retail channels as well as international markets
- Decorative Architectural Products' net sales increased 1 percent, driven by pro paint sales and newly introduced products and programs, and partially offset by the timing and amount of paint promotions
- Cabinets and Related Products' net sales decreased 5 percent, driven by the deliberate exit of low margin builder business, and partially offset by KraftMaid® cabinetry's sales growth with home centers and dealers
- Other Specialty Products' net sales increased 8 percent, led by Milgard's strong performance across all channels and price points

Outlook

"As we move into the last quarter of the year, we believe we will continue to see steady demand for our market-leading products as both repair and remodel demand and new home construction continue to improve," said Mr. Allman. "We are confident in our ability to execute against this macro-economic backdrop by remaining focused on driving shareholder value through our industry-leading branded building products, operational excellence and disciplined capital allocation."

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 HotSpring® 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 masco.com.

The 2015 third 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, October 27, 2015 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 52951847. 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 52951847. The telephone replay will be available approximately two hours after the end of the call and continue through November 27, 2015.

Safe Harbor Statement

Statements contained in this press release that reflect our views about our future performance 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 our reliance on new home construction and home improvement, our reliance on key customers, the cost and availability of raw materials, uncertainty in the international economy, shifts in consumer preferences and purchasing practices, our ability to improve our underperforming businesses, our ability to maintain our competitive position in our industries, the timing and terms of our share repurchase program, and our ability to reduce corporate expense and simplify our organizational structure. We discuss many of the risks we face 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.

The Company believes that the non-GAAP performance measures and ratios that are contained herein, used in managing the business, may provide users of this financial information with additional meaningful comparisons between current results and results in prior periods. Non-GAAP performance measures and ratios should be viewed in addition to, and not as an alternative for, the Company's reported results under accounting principles generally accepted in the United States. Additional information about the Company is contained in the Company's filings with the Securities and Exchange Commission and is available on Masco's website at www.masco.com.

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Source: Masco Corporation

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