

# Financial Statements and Supplementary Data

## MASCO CORPORATION and Consolidated Subsidiaries CONSOLIDATED BALANCE SHEETS

December 31, 2019 and 2018  
(In Millions, Except Share Data)

	2019	2018
<b>ASSETS</b>		
<b>Current Assets:</b>		
Cash and cash investments	\$ 697	\$ 552
Receivables	997	990
Inventories	754	798
Prepaid expenses and other	90	84
Assets held for sale	173	342
Total current assets	2,711	2,766
Property and equipment, net	878	885
Goodwill	509	511
Other intangible assets, net	259	288
Operating lease right-of-use assets	176	—
Other assets	139	90
Assets held for sale	355	853
Total assets	\$ 5,027	\$ 5,393
<b>LIABILITIES</b>		
<b>Current Liabilities:</b>		
Accounts payable	\$ 697	\$ 736
Notes payable	2	8
Accrued liabilities	700	645
Liabilities held for sale	149	295
Total current liabilities	1,548	1,684
Long-term debt	2,771	2,971
Other liabilities	751	549
Liabilities held for sale	13	120
Total liabilities	5,083	5,324
Commitments and contingencies (Note T)		
<b>EQUITY</b>		
Masco Corporation's shareholders' equity:		
Common shares, par value \$1 per share		
Authorized shares: 1,400,000,000;		
Issued and outstanding: 2019 – 275,600,000; 2018 – 293,900,000	276	294
Preferred shares authorized: 1,000,000;		
Issued and outstanding: 2019 and 2018 – None	—	—
Paid-in capital	—	—
Retained deficit	(332)	(278)
Accumulated other comprehensive loss	(179)	(127)
Total Masco Corporation's shareholders' deficit	(235)	(111)
Noncontrolling interest	179	180
Total equity	(56)	69
Total liabilities and equity	\$ 5,027	\$ 5,393

See notes to consolidated financial statements.

**MASCO CORPORATION and Consolidated Subsidiaries**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**

**For the Years Ended December 31, 2019, 2018 and 2017**  
(In Millions, Except Per Common Share Data)

	2019	2018	2017
Net sales	\$ 6,707	\$ 6,654	\$ 6,014
Cost of sales	4,336	4,327	3,794
Gross profit	2,371	2,327	2,220
Selling, general and administrative expenses	1,274	1,250	1,191
Impairment charge for other intangible assets	9	—	—
Operating profit	1,088	1,077	1,029
Other income (expense), net:			
Interest expense	(159)	(156)	(279)
Other, net	(15)	(14)	(32)
	(174)	(170)	(311)
Income from continuing operations before income taxes	914	907	718
Income tax expense	230	221	245
Income from continuing operations	684	686	473
Income from discontinued operations, net	296	98	107
Net income	980	784	580
Less: Net income attributable to noncontrolling interest	45	50	47
Net income attributable to Masco Corporation	\$ 935	\$ 734	\$ 533

**Income per common share attributable to Masco Corporation:**

Basic:

Income from continuing operations	\$ 2.21	\$ 2.06	\$ 1.34
Income from discontinued operations, net	1.03	0.32	0.34
Net income	\$ 3.24	\$ 2.38	\$ 1.68

Diluted:

Income from continuing operations	\$ 2.20	\$ 2.05	\$ 1.33
Income from discontinued operations, net	1.02	0.32	0.33
Net income	\$ 3.22	\$ 2.37	\$ 1.66

**Amounts attributable to Masco Corporation:**

Income from continuing operations	\$ 639	\$ 636	\$ 426
Income from discontinued operations, net	296	98	107
Net income	\$ 935	\$ 734	\$ 533

See notes to consolidated financial statements.

**MASCO CORPORATION and Consolidated Subsidiaries**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

**For the Years Ended December 31, 2019, 2018 and 2017**  
(In Millions)

	2019	2018	2017
<b>CASH FLOWS FROM (FOR) OPERATING ACTIVITIES:</b>			
Net income	\$ 980	\$ 784	\$ 580
Depreciation and amortization	159	156	127
Display amortization	12	21	25
Deferred income taxes	(41)	4	13
Employee withholding taxes paid on stock-based compensation	23	42	33
Gain on disposition of investments, net	(1)	(4)	(4)
(Gain) loss on disposition of businesses, net	(298)	—	13
Pension and other postretirement benefits	(45)	(47)	(38)
Impairment of financial investments	—	—	2
Impairment of goodwill and other intangible assets	16	—	—
Stock-based compensation	35	27	38
Increase in receivables	(37)	(46)	(140)
Decrease (increase) in inventories	58	(11)	(78)
(Decrease) increase in accounts payable and accrued liabilities, net	(27)	108	67
Debt extinguishment costs	2	—	104
Other, net	(3)	(2)	9
Net cash from operating activities	<u>833</u>	<u>1,032</u>	<u>751</u>
<b>CASH FLOWS FROM (FOR) FINANCING ACTIVITIES:</b>			
Retirement of notes	(201)	(114)	(535)
Purchase of Company common stock	(896)	(654)	(331)
Cash dividends paid	(144)	(134)	(129)
Dividends paid to noncontrolling interest	(42)	(89)	(35)
Issuance of notes, net of issuance costs	—	—	593
Debt extinguishment costs	(2)	—	(104)
Increase in debt	—	—	2
Proceeds from the exercise of stock options	27	14	—
Employee withholding taxes paid on stock-based compensation	(23)	(42)	(33)
Payment of debt	(8)	(1)	(5)
Credit Agreement and other financing costs	(2)	—	—
Net cash for financing activities	<u>(1,291)</u>	<u>(1,020)</u>	<u>(577)</u>
<b>CASH FLOWS FROM (FOR) INVESTING ACTIVITIES:</b>			
Capital expenditures	(162)	(219)	(173)
Acquisition of businesses, net of cash acquired	—	(549)	(89)
Proceeds from disposition of:			
Businesses, net of cash disposed	722	—	128
Short-term bank deposits	—	108	218
Property and equipment	34	14	24
Other financial investments	1	5	7
Purchases of short-term bank deposits	—	—	(106)
Other, net	(13)	(10)	(34)
Net cash from (for) investing activities	<u>582</u>	<u>(651)</u>	<u>(25)</u>
Effect of exchange rate changes on cash and cash investments	<u>14</u>	<u>4</u>	<u>55</u>
<b>CASH AND CASH INVESTMENTS:</b>			
Increase (decrease) for the year	138	(635)	204
At January 1	559	1,194	990
At December 31	<u>\$ 697</u>	<u>\$ 559</u>	<u>\$ 1,194</u>

See notes to consolidated financial statements.