

# MASCO CORP /DE/

## FORM 8-K (Current report filing)

Filed 04/29/13 for the Period Ending 04/29/13

Address	21001 VAN BORN RD TAYLOR, MI 48180
Telephone	3132747400
CIK	0000062996
Symbol	MAS
SIC Code	2430 - Millwork, Veneer, Plywood, And Structural Wood
Industry	Constr. - Supplies & Fixtures
Sector	Capital Goods
Fiscal Year	12/31

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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549**

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**FORM 8-K**

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**CURRENT REPORT  
Pursuant to Section 13 or 15(d)  
of the Securities Exchange Act of 1934**

**Date of report (Date of earliest event reported) April 29, 2013**

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**Masco Corporation**  
(Exact name of Registrant as Specified in Charter)

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**Delaware**  
(State or Other Jurisdiction  
of Incorporation)

**1-5794**  
(Commission  
File Number)

**38-1794485**  
(IRS Employer  
Identification No.)

**21001 Van Born Road, Taylor, Michigan**  
(Address of Principal Executive Offices)

**48180**  
(Zip Code)

**(313) 274-7400**  
Registrant's telephone number, including area code

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Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02. Results of Operations and Financial Condition.**

Attached and incorporated herein by reference as Exhibit 99 is a copy of a press release dated April 29, 2013 reporting Masco Corporation's financial results for the first quarter of 2013 and certain other information and supplemental information prepared for use in connection with the financial results for the first quarter 2013. On April 30, 2013, Masco Corporation will hold an investor conference call and web cast to discuss financial results for the first quarter 2013.

This information, including the Exhibits attached hereto, shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, or otherwise subject to the liabilities of that section.

**Item 9.01. Financial Statements and Exhibits.**

(d) Exhibits.

99 Press Release of Masco Corporation dated April 29, 2013 reporting Masco Corporation's financial results for the first quarter 2013 and certain other information and supplemental information prepared for use in connection with the financial results for the first quarter 2013.

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**SIGNATURE**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

MASCO CORPORATION

By: /s/ John G. Sznewajs

Name: John G. Sznewajs

Title: Vice President, Treasurer and Chief Financial Officer

April 29, 2013

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## **EXHIBIT INDEX**

99 Press Release of Masco Corporation dated April 29, 2013 reporting Masco Corporation's financial results for the first quarter 2013 and certain other information and supplemental information prepared for use in connection with the financial results for the first quarter 2013.



## STEADY GROWTH CONTINUES FOR MASCO IN FIRST QUARTER 2013

### Key Highlights

- Sales increased 4 percent to \$1.9 billion
- North American sales increased 6 percent
- Growth driven by new home construction and new products and programs
- Adjusted operating profit increased 19 percent
- Cabinet segment's adjusted operating profit improved to break-even

**Taylor, Michigan (April 29, 2013)** – Masco Corporation (NYSE: MAS) continued to deliver steady growth in the first quarter of 2013. Top line growth was fueled by the strength of new home construction in North America and the successful execution of new product and program introductions. Adjusted operating margins increased from 6.5 to 7.5 percent due to higher volumes and our continued commitment to cost control. In our Cabinet segment, adjusted operating margin performance improved to a break-even level of profitability. We also successfully entered into a new five year \$1.25 billion unsecured revolving credit agreement.

### 2013 First Quarter Commentary

- Net sales from continuing operations increased 4 percent to \$1.9 billion, compared with \$1.8 billion for first quarter 2012. North American sales increased 6 percent and international sales decreased 2 percent, in U.S. dollars and local currency
- Compared to first quarter 2012, 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 of 27.4 percent were unchanged
  - Operating margins improved to 7.5 percent compared to 6.5 percent
  - Income from continuing operations was \$0.13 per common share compared to \$0.07 per common share
- Income from continuing operations, **as reported**, was \$0.16 per common share compared to \$0.12 per common share in the first quarter of 2012
- We ended the first quarter with approximately \$1 billion of cash

### 2013 First Quarter Operating Segment Highlights

- North American faucet and toilet business achieved sales growth percentage in the mid-teens
- Decorative Architectural Products' margin expansion was driven by the anniversary of pricing actions and reduced program costs
- Cabinets and Related Products achieved break-even operating profit on an adjusted basis, with North American Cabinetry achieving profitability
- Installation and Other Services continued to benefit from new home construction growth
- Other Specialty Products' net sales increased 8 percent, led by a strong performance from our North American window business

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“We continued to benefit from strong growth in North American new home construction,” said Masco’s President and CEO, Tim Wadhams. “Despite a harsher winter this year in regions of North America and Europe, we improved our performance in the first quarter compared to 2012. The new products and programs we’ve introduced have exceeded our expectations and contributed to our steady growth. Our Cabinet segment is heading in the right direction, with adjusted operating performance achieving a break-even level of profitability. The successful execution of our strategic initiatives, including leveraging our brands, reducing our costs, improving our Installation and Cabinet segments and strengthening our balance sheet is reflected in our overall positive performance in the first quarter of 2013.”

### **Outlook**

“We continue to believe that new home construction will show strong growth in 2013, and repair and remodel activity will grow modestly, with big ticket items continuing to lag. While the continued weakness in the Eurozone remains a concern, we believe our ability to leverage the growth in new home construction, along with the actions we have taken over the past several years, including investing in our brands, reducing our cost structure and paying down debt, will continue to strengthen our business for the future,” said Mr. Wadhams.

### **About Masco**

Headquartered in Taylor, Michigan, Masco Corporation is one of the world’s leading manufacturers of home improvement and building products, as well as a leading provider of services that include the installation of insulation and other building products.

The 2013 first quarter supplemental material, including a presentation in PDF format, is available on the Company’s website at [www.masco.com](http://www.masco.com).

### **Conference Call Details**

A conference call regarding items contained in this release is scheduled for Tuesday, April 30, 2013 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 29185155. 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 29185155. The telephone replay will be available approximately two hours after the end of the call and continue through May 14, 2013.

### **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. These views 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

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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, and our ability to maintain our competitive position in our industries. 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. Our 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](http://www.masco.com).

**Investor / Media Contact**

Maria Duey  
Vice President – Investor Relations &  
Corporate Communications  
313.792.5500  
[maria\\_duey@mascohq.com](mailto:maria_duey@mascohq.com)

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**MASCO CORPORATION**  
**Condensed Consolidated Statements of Operations - Unaudited**  
**For the Three Months Ended March 31, 2013 and 2012**

(dollars in millions, except EPS)

	Three Months Ended March 31,	
	2013	2012
Net sales	\$ 1,876	\$ 1,806
Cost of sales	<u>1,368</u>	<u>1,322</u>
Gross profit	508	484
Selling, general and administrative expenses	376	377
Income from litigation settlements, net	<u>—</u>	<u>(2)</u>
Operating profit	132	109
Other income (expense), net	(56)	(65)
Gains from financial investments, net	<u>3</u>	<u>16</u>
Income from continuing operations before income taxes	79	60
Income taxes	<u>14</u>	<u>7</u>
Income from continuing operations	65	53
Loss from discontinued operations	<u>(9)</u>	<u>(9)</u>
Net income	56	44
Less: Net income attributable to noncontrolling interest	<u>9</u>	<u>11</u>
Net income attributable to Masco Corporation	<u>\$ 47</u>	<u>\$ 33</u>
Income per common share attributable to Masco Corporation (diluted):		
Income from continuing operations	\$ 0.16	\$ 0.12
Loss from discontinued operations	<u>(0.03)</u>	<u>(0.03)</u>
Net income	<u>\$ 0.13</u>	<u>\$ 0.09</u>
Average diluted common shares outstanding	<u>352</u>	<u>350</u>
Amounts attributable to Masco Corporation:		
Income from continuing operations	\$ 56	\$ 42
Loss from discontinued operations	<u>(9)</u>	<u>(9)</u>
Net income	<u>\$ 47</u>	<u>\$ 33</u>

*Historical information is available on our website.*

**MASCO CORPORATION**  
**Exhibit A: Reconciliations - Unaudited**  
**For the Three Months Ended March 31, 2013 and 2012**

(dollars in millions, except EPS)

	Three Months Ended March 31,	
	2013	2012
<b><u>Gross Profit and Operating Profit Reconciliations</u></b>		
Net sales	<u>\$1,876</u>	<u>\$1,806</u>
<b>Gross profit, as reported</b>	<b>\$ 508</b>	<b>\$ 484</b>
Rationalization charges	6	10
<b>Gross profit, as adjusted</b>	<u><b>\$ 514</b></u>	<u><b>\$ 494</b></u>
Gross margin, as reported	27.1%	26.8%
Gross margin, as adjusted	27.4%	27.4%
<b>Operating profit, as reported</b>	<b>\$ 132</b>	<b>\$ 109</b>
Rationalization charges	8	11
Income from litigation settlements, net	—	(2)
<b>Operating profit, as adjusted</b>	<u><b>\$ 140</b></u>	<u><b>\$ 118</b></u>
Operating margin, as reported	7.0%	6.0%
Operating margin, as adjusted	7.5%	6.5%
<b><u>Earnings Per Common Share Reconciliation</u></b>		
<b>Income from continuing operations before income taxes, as reported</b>	<b>\$ 79</b>	<b>\$ 60</b>
Rationalization charges	8	11
Income from litigation settlements, net	—	(2)
(Gains) from financial investments, net	(3)	(16)
<b>Income from continuing operations before income taxes, as adjusted</b>	<b>84</b>	<b>53</b>
Tax at 36% rate	(30)	(19)
Less: Net income attributable to noncontrolling interest	9	11
<b>Net income, as adjusted</b>	<u><b>\$ 45</b></u>	<u><b>\$ 23</b></u>
<b>Income per common share, as adjusted</b>	<u><b>\$ 0.13</b></u>	<u><b>\$ 0.07</b></u>
Average diluted common shares outstanding	<u>352</u>	<u>350</u>

*Historical information is available on our website.*

**MASCO CORPORATION**  
**Condensed Consolidated Balance Sheets and**  
**Other Financial Data - Unaudited**

(dollars in millions)

	March 31, 2013	December 31, 2012
<b>Balance Sheet</b>		
<b>Assets</b>		
Current assets:		
Cash and cash investments	\$ 1,032	\$ 1,351
Receivables	1,174	933
Inventories	763	726
Prepaid expenses and other	107	107
Assets held for sale	98	100
Total current assets	3,174	3,217
Property and equipment, net	1,294	1,326
Goodwill	1,891	1,894
Other intangible assets, net	150	151
Other assets	182	184
Assets held for sale	88	103
Total assets	<u>\$ 6,779</u>	<u>\$ 6,875</u>
<b>Liabilities</b>		
Current liabilities:		
Notes payable	\$ 206	\$ 206
Accounts payable	863	788
Accrued liabilities	714	823
Liabilities held for sale	43	45
Total current liabilities	1,826	1,862
Long-term debt	3,421	3,422
Deferred income taxes and other	1,037	1,053
Liabilities held for sale	—	4
Total liabilities	6,284	6,341
<b>Shareholders' equity</b>	495	534
Total liabilities and shareholders' equity	<u>\$ 6,779</u>	<u>\$ 6,875</u>
	<b>Year To Date</b>	
	March 31,	March 31,
	2013	2012
<b>Other Financial Data</b>		
<b>Working Capital Days</b>		
Receivable Days	52	51
Inventory Days	51	54
Payable Days	(67)	(66)
Working Capital	\$ 1,074	\$ 1,114
Working Capital as a % of Sales ( <i>LTM</i> )	14.2%	14.7%
Average diluted common shares outstanding	352	350

Historical information is available on our website.

**MASCO CORPORATION**  
**Condensed Consolidated Statement of Cash Flows - Unaudited**

(dollars in millions)

	March 31, 2013	March 31, 2012
<b>Cash Flows From (For) Operating Activities:</b>		
Cash provided by operating activities	\$ 130	\$ 90
Working capital changes	(340)	(257)
Net cash for operating activities	<u>(210)</u>	<u>(167)</u>
<b>Cash Flows From (For) Financing Activities:</b>		
Purchase of Company common stock	(35)	(8)
Cash dividends paid	(26)	(26)
Debt, net	(4)	324
Net cash (for) from financing activities	<u>(65)</u>	<u>290</u>
<b>Cash Flows From (For) Investing Activities:</b>		
Capital expenditures	(31)	(24)
Other, net	1	22
Net cash for investing activities	<u>(30)</u>	<u>(2)</u>
Effects of exchange rate changes on cash and cash investments	(14)	11
<b>Cash and Cash Investments:</b>		
(Decrease) increase for the period	(319)	132
At January 1	1,351	1,656
At March 31	<u>\$ 1,032</u>	<u>\$ 1,788</u>

*Historical information is available on our website.*

**MASCO CORPORATION**  
**Quarterly Segment Data - Unaudited**  
**For the Three Months Ended March 31, 2013 and 2012**

(dollars in millions)

	Q1 2013	Q1 2012	Change
<b>Cabinets and Related Products</b>			
Net sales	<u>\$ 236</u>	<u>\$ 228</u>	4%
Operating loss, as reported	\$ (4)	\$ (16)	
<i>Operating margin, as reported</i>	-1.7 %	-7.0 %	
Rationalization charges	2	2	
Accelerated depreciation related to plant closures	<u>2</u>	<u>—</u>	
Operating loss, as adjusted	—	(14)	
<i>Operating margin, as adjusted</i>	0.0 %	-6.1 %	
Depreciation and amortization	<u>10</u>	<u>10</u>	
EBITDA, as adjusted	<u>\$ 10</u>	<u>\$ (4)</u>	
<b>Plumbing Products</b>			
Net sales	<u>\$ 762</u>	<u>\$ 742</u>	3%
Operating profit, as reported	\$ 86	\$ 97	
<i>Operating margin, as reported</i>	11.3 %	13.1 %	
Rationalization charges	1	2	
Accelerated depreciation related to plant closures	<u>—</u>	<u>7</u>	
Operating profit, as adjusted	87	106	
<i>Operating margin, as adjusted</i>	11.4 %	14.3 %	
Depreciation and amortization	<u>15</u>	<u>15</u>	
EBITDA, as adjusted	<u>\$ 102</u>	<u>\$ 121</u>	
<b>Installation and Other Services</b>			
Net sales	<u>\$ 312</u>	<u>\$ 278</u>	12%
Operating loss, as reported	\$ (4)	\$ (14)	
<i>Operating margin, as reported</i>	-1.3 %	-5.0 %	
Operating loss, as adjusted	(4)	(14)	
<i>Operating margin, as adjusted</i>	-1.3 %	-5.0 %	
Depreciation and amortization	<u>7</u>	<u>8</u>	
EBITDA, as adjusted	<u>\$ 3</u>	<u>\$ (6)</u>	
<b>Decorative Architectural Products</b>			
Net sales	<u>\$ 432</u>	<u>\$ 434</u>	0%
Operating profit, as reported	\$ 89	\$ 73	
<i>Operating margin, as reported</i>	20.6 %	16.8 %	
Operating profit, as adjusted	89	73	
<i>Operating margin, as adjusted</i>	20.6 %	16.8 %	
Depreciation and amortization	<u>4</u>	<u>4</u>	
EBITDA, as adjusted	<u>\$ 93</u>	<u>\$ 77</u>	

Historical information is available on our website.

**MASCO CORPORATION**  
**Quarterly Segment Data - Unaudited**  
**For the Three Months Ended March 31, 2013 and 2012**

(dollars in millions)

	Q1 2013	Q1 2012	Change
<b>Other Specialty Products</b>			
Net sales	<u>\$ 134</u>	<u>\$ 124</u>	8%
Operating loss, as reported	\$ (1)	\$ (5)	
<i>Operating margin, as reported</i>	-0.7 %	-4.0 %	
Rationalization charges	1	—	
Accelerated depreciation related to plant closures	<u>2</u>	<u>—</u>	
Operating profit (loss), as adjusted	2	(5)	
<i>Operating margin, as adjusted</i>	1.5 %	-4.0 %	
Depreciation and amortization	<u>3</u>	<u>5</u>	
EBITDA, as adjusted	<u>\$ 5</u>	<u>\$ —</u>	
<b>Total</b>			
Net sales	<u>\$1,876</u>	<u>\$1,806</u>	4%
Operating profit, as reported - segment	\$ 166	\$ 135	
General corporate expense (GCE)	(34)	(28)	
Income (charge) for litigation settlements, net	<u>—</u>	<u>2</u>	
Operating profit, as reported	132	109	
<i>Operating margin, as reported</i>	7.0 %	6.0 %	
Rationalization charges - segment	4	4	
Accelerated depreciation - segment	4	7	
Income (charge) for litigation settlements, net	<u>—</u>	<u>(2)</u>	
Operating profit, as adjusted	140	118	
<i>Operating margin, as adjusted</i>	7.5 %	6.5 %	
Depreciation and amortization - segment	39	42	
Depreciation and amortization - non-operating	<u>3</u>	<u>3</u>	
EBITDA, as adjusted	<u>\$ 182</u>	<u>\$ 163</u>	

*Historical information is available on our website.*

**MASCO CORPORATION**  
**North American and International Data - Unaudited**  
**For the Three Months Ended March 31, 2013 and 2012**

(dollars in millions)

	Q1 2013	Q1 2012	Change
<b>North American</b>			
Net sales	<u>\$1,510</u>	<u>\$1,431</u>	6%
Operating profit, as reported	\$ 140	\$ 88	
<i>Operating margin, as reported</i>	9.3 %	6.1 %	
Rationalization charges	1	4	
Accelerated depreciation related to plant closures	<u>2</u>	<u>7</u>	
Operating profit, as adjusted	143	99	
<i>Operating margin, as adjusted</i>	9.5 %	6.9 %	
Depreciation and amortization	<u>31</u>	<u>32</u>	
EBITDA, as adjusted	<u>\$ 174</u>	<u>\$ 131</u>	
<b>International</b>			
Net sales	<u>\$ 366</u>	<u>\$ 375</u>	-2%
Operating profit, as reported	\$ 26	\$ 47	
<i>Operating margin, as reported</i>	7.1 %	12.5 %	
Rationalization charges	3	—	
Accelerated depreciation related to plant closures	<u>2</u>	<u>—</u>	
Operating profit, as adjusted	31	47	
<i>Operating margin, as adjusted</i>	8.5 %	12.5 %	
Depreciation and amortization	<u>8</u>	<u>10</u>	
EBITDA, as adjusted	<u>\$ 39</u>	<u>\$ 57</u>	
<b>Total</b>			
Net sales	<u>\$1,876</u>	<u>\$1,806</u>	4%
Operating profit, as reported - segment	\$ 166	\$ 135	
General corporate expense (GCE)	(34)	(28)	
Income (charge) for litigation settlements, net	<u>—</u>	<u>2</u>	
Operating profit, as reported	132	109	
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Depreciation and amortization - segment	39	42	
Depreciation and amortization - non-operating	<u>3</u>	<u>3</u>	
EBITDA, as adjusted	<u>\$ 182</u>	<u>\$ 163</u>	

Historical information is available on our website.