

MAXIMIZING LONG-TERM VALUE A GROWTH STORY

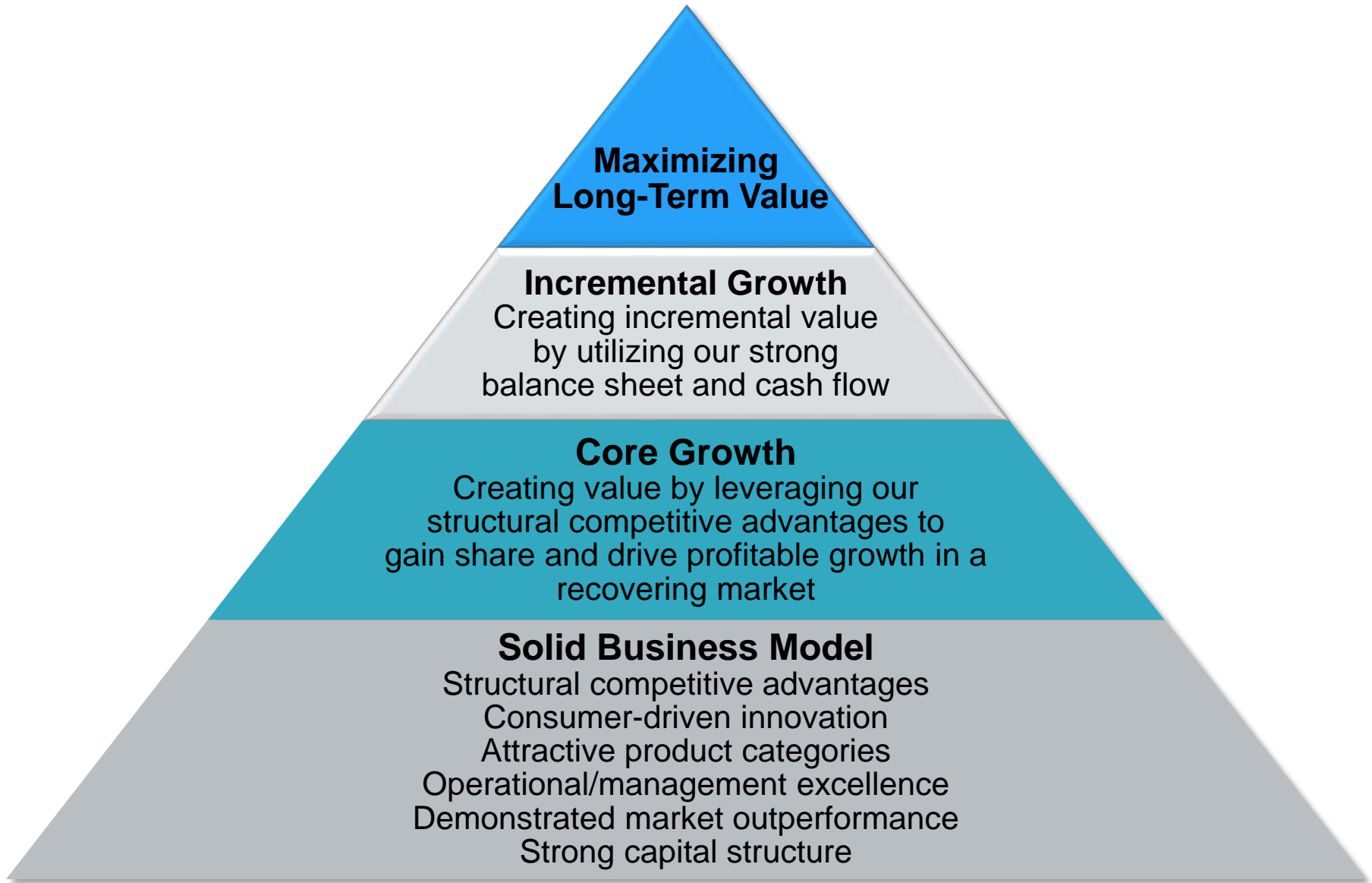


Fortune Brands

A home and security company

February 2018

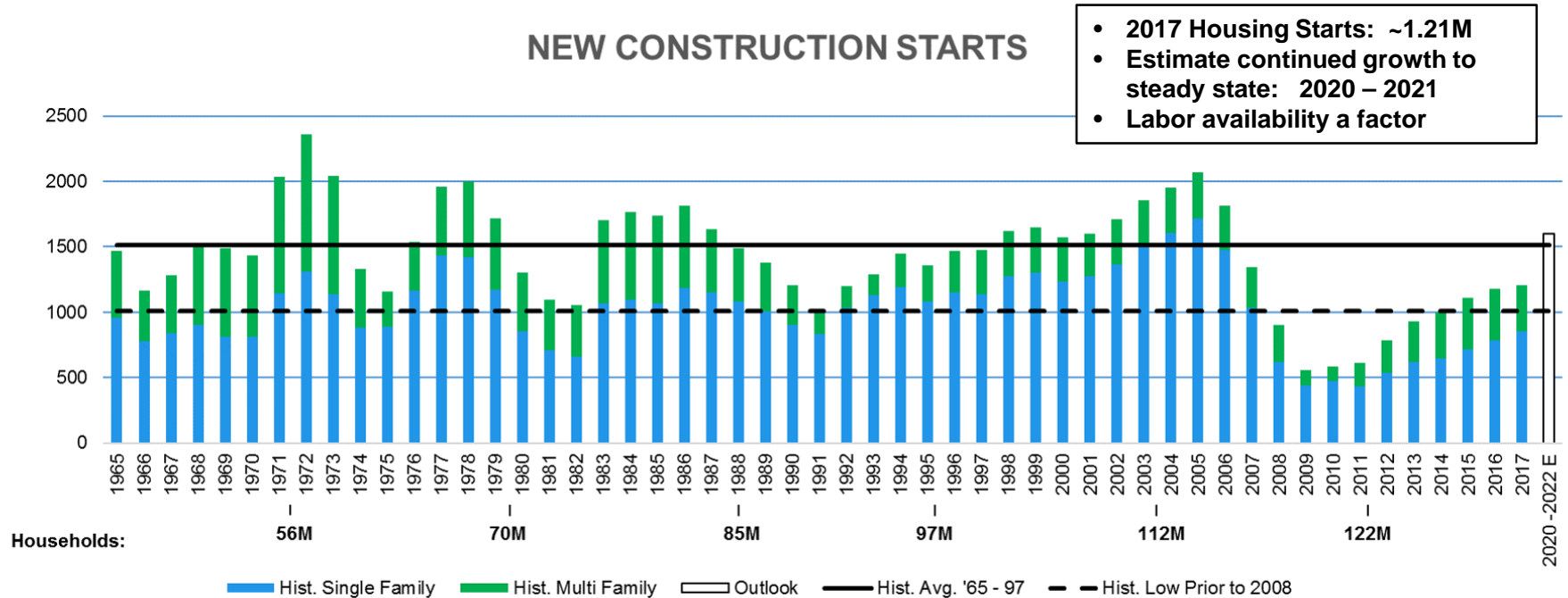
A SOLID FOUNDATION TO MAXIMIZE LONG-TERM SHAREHOLDER VALUE



NEW CONSTRUCTION MARKET OUTLOOK

We expect an elongated recovery in the U.S. housing market to return housing starts to a steady state of ~1.5 million based on demographic trends.

NEW CONSTRUCTION STARTS



DEMAND:

- Favorable demographics suggest new construction demand to be solid over the next several years with Baby Boomers and Millennials contributing to an elongated cycle:
 - Baby Boomers are retaining and even increasing home ownership.
 - Delays in marriage and child bearing are placing upward pressure on future (single family) household formations. Millennials will not reach prime single family demand for another five years.
- Upside to forecast due to aging housing stock.

SUPPLY:

- Labor and land constraints providing a governor on rate of building; but is gradually improving.

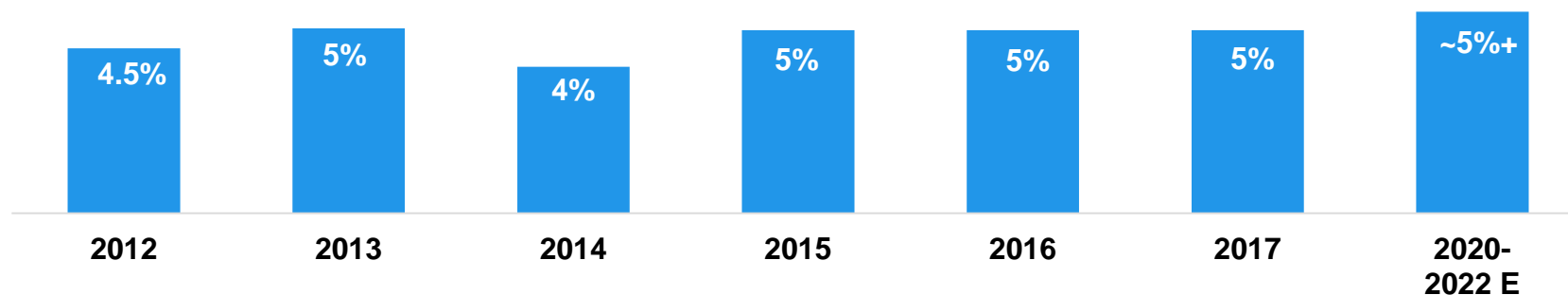
R&R MARKET OUTLOOK

In addition to public data, we receive unique insight to current R&R market trends from our leading position in the Kitchen & Bath dealer channel. We expect R&R to stabilize at 5% over time in all of our categories subject to labor availability.

5 YEAR GROWTH

STEADY STATE SCENARIO

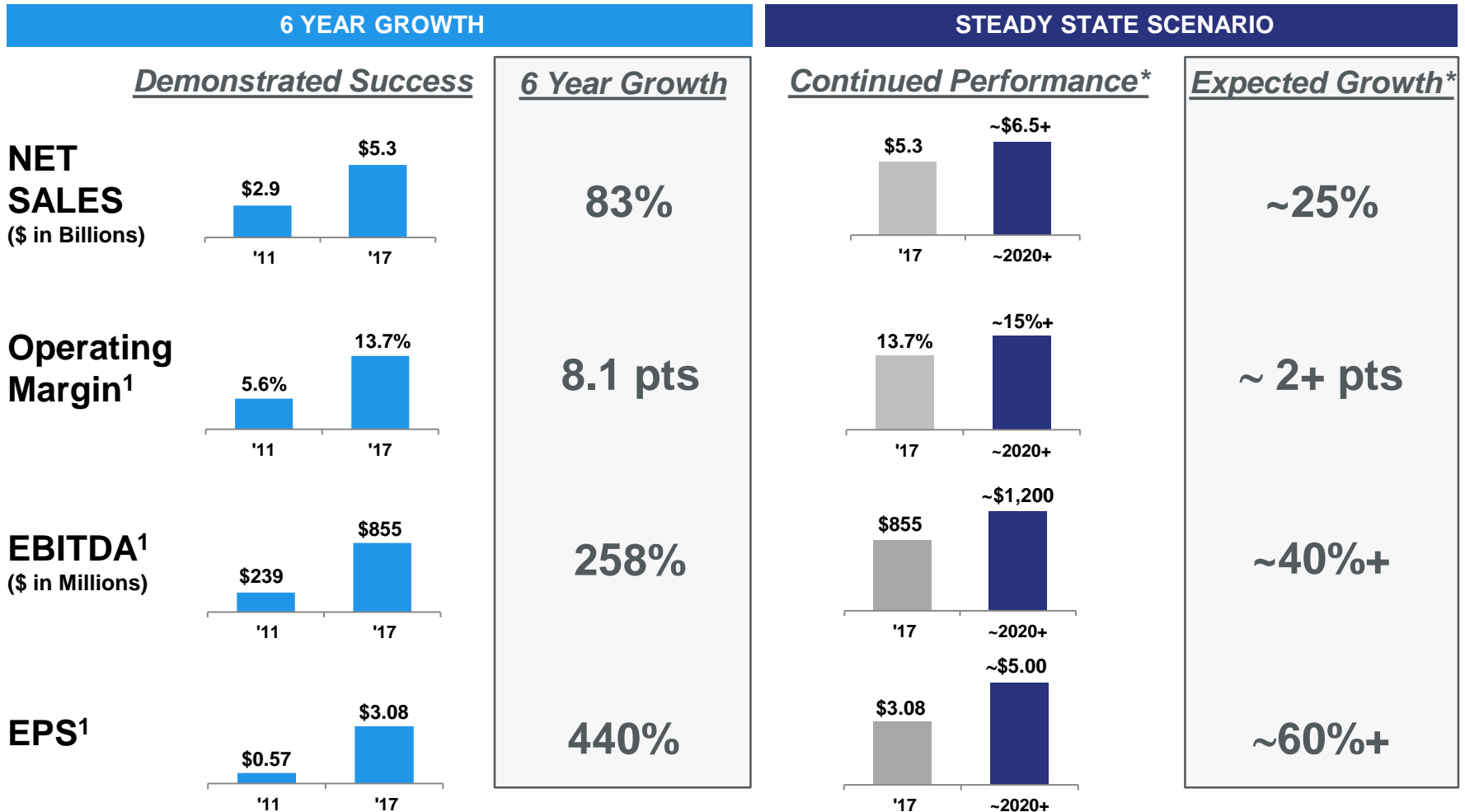
REPAIR & REMODEL ANNUAL GROWTH



- Pent-up demand has developed
 - From 2007 – 2011 R&R growth was significantly below the long-term historical average, even negative for a period
 - Early in the recovery big-ticket projects lagged even further
 - The median age of homes in the U.S. has increased and is now around 40 years
 - Homes built during 1996-2006 are entering a remodel period
- Consumers' willingness to invest in their homes is driven by:
 - Confidence in the economy/personal finances
 - Employment
 - Home prices
 - Access to credit
- FBHS is well-positioned to capture R&R market growth
 - Two thirds of FBHS home segments' sales are driven by R&R
 - Leading share of the cabinet dealer channel
 - Large embedded base of Moen faucets

CORE GROWTH POTENTIAL

We are focused on creating value by leveraging our structural competitive advantages to drive profitable growth as the U.S. housing market continues in an elongated recovery, reaching steady state scenario of ~1.5M starts and ~5% R&R in 2020 – 2021, depending on labor availability.



INCREMENTAL GROWTH

In addition to organic growth, FBHS intends to continue to maximize shareholder value and drive incremental growth by using cash flow and leveraging the balance sheet.

(\$M)

6 YEAR CAPITAL DEPLOYMENT

Cash Deployed

Source:	
Cash	2,024
Added Debt	<u>1,097</u>
Total	3,121

Capital Allocation

Acquisitions	1,504
Share Repurchases	1,192
Dividend	<u>425</u>
Total	3,121
Net Debt to EBITDA ¹	1.4x

3 YEAR FUTURE POTENTIAL

Cash Available to Drive Incremental Value

Source:	
Cash	1,500
Debt	<u>1,500</u>
Total	3,000+

Potential Capital Allocation

Acquisitions & Share Repurchases	~2,600
Dividend	<u>~400</u>
Total	3,000+
Net Debt to EBITDA ¹	2.0x to 2.5x

¹Before Charges/Gains on a Continuing Operations Basis.

*Data 12/31/11 through 12/31/17.

FBHS PORTFOLIO TODAY

		<u>BRAND LEADERSHIP</u>	<u>COMPETITIVE ADVANTAGES</u>	<u>2017 NET SALES</u>	<u>2017 OPERATING MARGIN¹</u>
CABINETS		#1 Kitchen & bath residential cabinet manufacturer in North America	<ul style="list-style-type: none"> • 70%+ in Dealer/In-Stock channels • Dedicated In-Stock Supply Chain • Regional Dealer Supply Chain • Broad Brand Portfolio • Consumer Driven Innovation 	\$2.5B	11.0%
PLUMBING		#1 Faucet brand in North America (Moen)	<ul style="list-style-type: none"> • Exclusive Builder Contracts • Large Installed Base • Broad Distribution with Key Strength in Wholesale • Global Supply Chain • Consumer Driven Innovation 	\$1.7B	21.6%
DOORS		#1 Entry door brand in U.S. among building professionals.*	<ul style="list-style-type: none"> • Strong Distribution Network • Growing Retail Presence • Consumer Driven Innovation 	\$0.5B	14.8%
SECURITY		#1 Padlock and personal safe brands in North America	<ul style="list-style-type: none"> • Leading Global Brands • Global Supply Chain • Consumer Driven Innovation 	\$0.6B	14.9%

FBHS PORTFOLIO POTENTIAL

	<u>GROWTH DRIVERS</u>	<u>STRATEGIC FOCUS</u>	<u>STEADY STATE SALES POTENTIAL</u>	<u>STEADY STATE SCENARIO</u>
CABINETS	<ul style="list-style-type: none"> Increased dealer sales to nearly 50% of our total <ul style="list-style-type: none"> - Acquired Norcraft Increased in-stock cabinets & vanities sales to ~25% of total <ul style="list-style-type: none"> - Acquired Woodcrafters 	<ul style="list-style-type: none"> Drive profitable growth Improve product mix and channel mix to drive margin at all price points 	~\$3B+	~14%
PLUMBING	<ul style="list-style-type: none"> Formed the Global Plumbing Group to accelerate organic and inorganic growth <ul style="list-style-type: none"> - Acquired Rohl, Riobel and Perrin & Rowe - Acquired Shaws and V+A 	<ul style="list-style-type: none"> Grow sales above market rate while maintaining margin 	~\$2.5B	~20-21%
DOORS	<ul style="list-style-type: none"> Built leading wholesale fabricator network Established growing retail presence in Home Centers 	<ul style="list-style-type: none"> Drive profitable growth Leverage fabricator network to continue to enable price and share gains 	~\$650M	~16%
SECURITY	<ul style="list-style-type: none"> Leveraged premier brands in locks and personal safes <ul style="list-style-type: none"> - Acquired Sentry Safe 	<ul style="list-style-type: none"> Leverage product innovation and brand equity to grow sales 	~\$675M	~17%

2018 GUIDANCE

During 2017, we performed as expected and delivered solid sales and profit growth. The Home Products market continue to recover and we remain on track to achieve our long term sales and EPS targets.

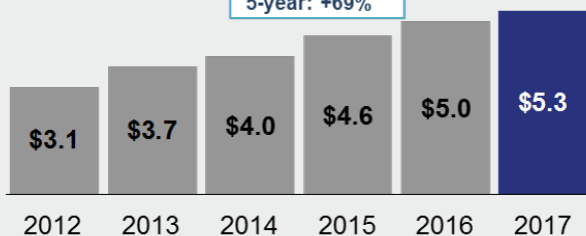
	2017 ACTUAL	FY 2018 GUIDANCE
U.S. Home Products Market Growth	~6%	5 - 7%
Global Market Growth	~5%	5 - 6%
FBHS Net Sales	6%	6 - 7%
EPS ¹	\$3.08	\$3.54 - \$3.66

5-YEAR PERFORMANCE

We have significantly grown Net Sales, Operating Income, Earnings Per Share, ROIC, Operating Margin, and Net Income since becoming a publicly traded company in 2011.

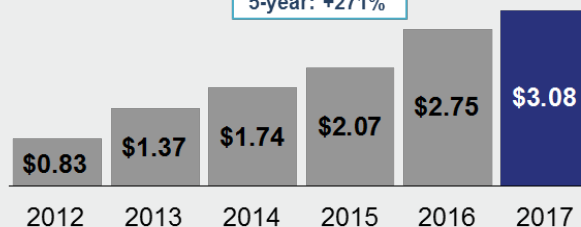
Total Net Sales
(in billions)

Growth
1-year: +6%
3-year: +32%
5-year: +69%



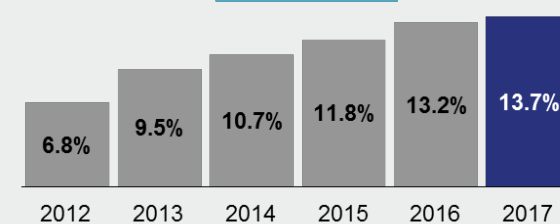
Earnings Per Share
(\$/share)

Growth
1-year: +12%
3-year: +77%
5-year: +271%



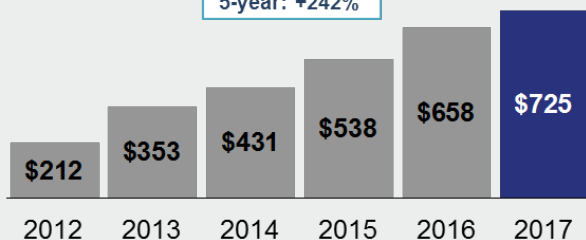
Operating Margin
(OM %)

Growth
1-year: +50 bp
3-year: +300 bp
5-year: +690 bp



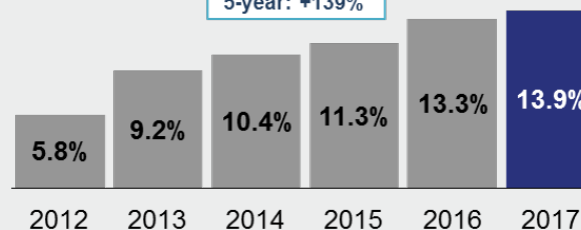
Operating Income
(in millions)

Growth
1-year: +10%
3-year: +68%
5-year: +242%



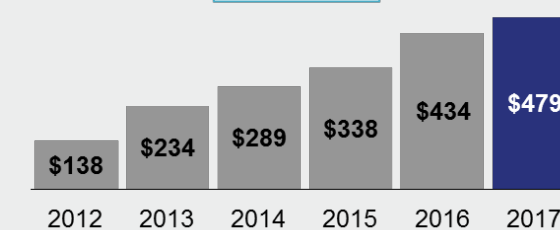
Return on Invested Capital
(ROIC %)

Growth
1-year: +4%
3-year: +33%
5-year: +139%



Net Income
(in millions)

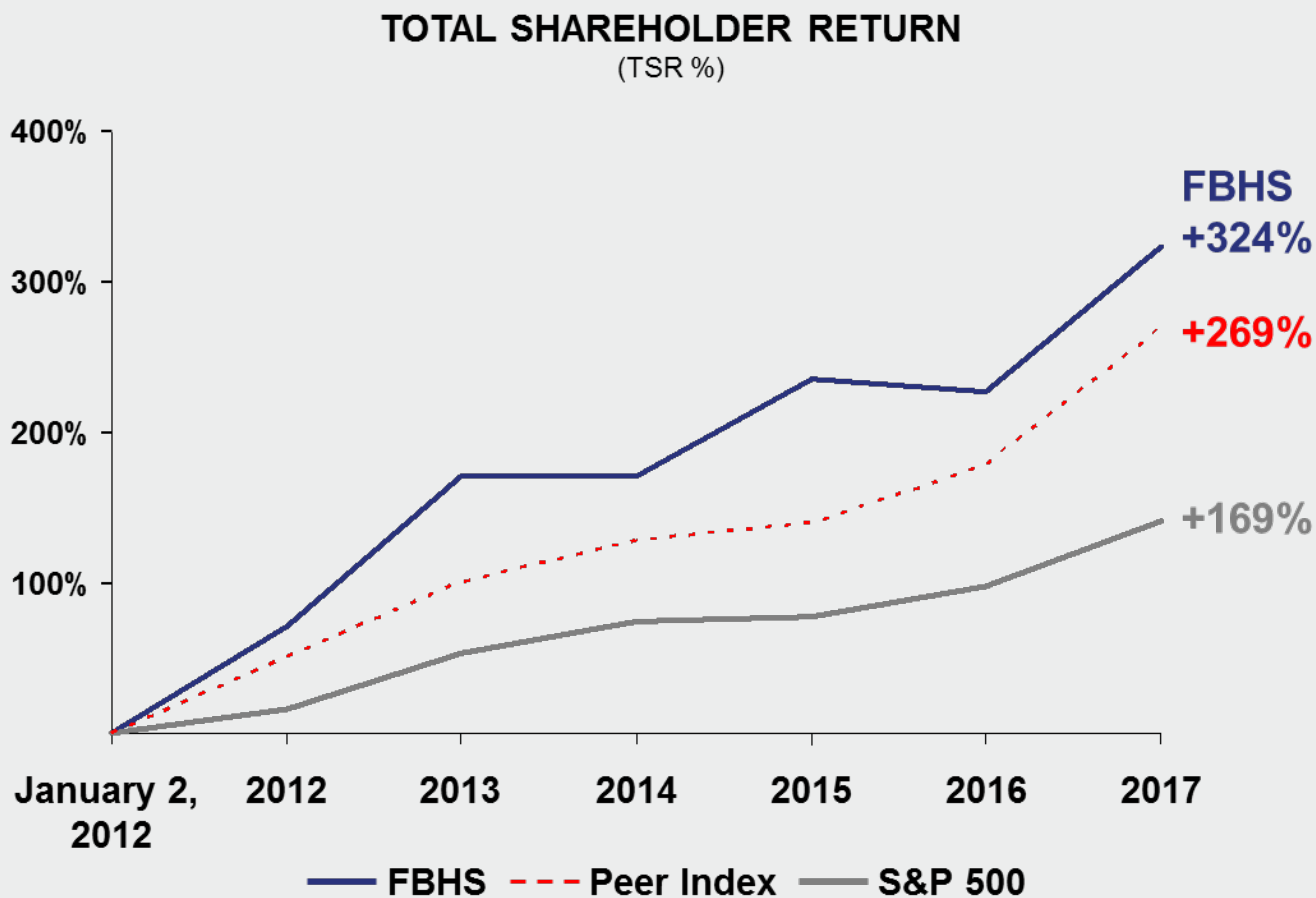
Growth
1-year: +10%
3-year: +66%
5-year: +248%



All chart data is from continuing operations and all references to OI, EPS, ROIC, OM and NI are on a continuing operations and before charges/gains basis. The growth percentages represent year-end growth amounts from 2016 to 2017 (1-year), 2014 to 2017 (3-year) and from 2012 to 2017 (5-year). Figures are unaudited.

TOTAL SHAREHOLDER RETURN

Our five-year total shareholder return (TSR) has consistently exceeded relevant peer and index performance.



DISCLAIMER

This presentation contains certain “forward-looking statements” regarding business strategies, market potential, future financial performance and other matters, including all statements with respect to “Continued Performance,” “Expected Growth,” “Outlook,” “Future Potential” and “guidance” and statements with words such as “will,” “capability,” “should,” “could,” “expects,” “potential,” “estimates” or “projected.” Where, in any forward-looking statement, we express an expectation or belief as to future results or events, such expectation or belief is based on the current plans and expectations at the time of this presentation. Although we believe that these statements are based on reasonable assumptions, they are subject to numerous factors, risks and uncertainties that could cause actual outcomes and results to be materially different from those indicated in such statements, including the risks described in our Annual Report on Form 10-K as filed with the Securities and Exchange Commission. Except as required by law, we undertake no obligation to update or revise any forward-looking statements to reflect changed assumptions, the occurrence of anticipated or unanticipated events, new information or changes to future results over time or otherwise.

This presentation includes financial measures, including EBITDA before charges/gains, Net Debt to EBITDA, operating income before charges/gains, net income, return on invested capital, operating margin before charges/gains, and diluted EPS before charges/gains, that are derived on the basis of methodologies other than in accordance with U.S. generally accepted accounting principles (GAAP). We offer these measures to assist investors in assessing our financial performance and liquidity under GAAP, but investors should not rely on these measures as a substitute for any GAAP measure, including net income or operating income. In addition, these measures may be inconsistent with similarly titled measures presented by other companies. For more information, including reconciliations of these non-GAAP financial measures to the most comparable GAAP measures, please visit the “Investor Center” section of the Company’s website at www.FBHS.com.

SOLID BUSINESS MODEL

Structural competitive advantages

Drives outsized growth, share gains and margin in a recovering market

Attractive product categories

Consumer involved in purchase – markets with healthy long-term growth rates

Consumer driven innovation

Keeps product lines fresh and on trend – exciting consumers

Operational excellence

Creates industry leading performance across the business

Demonstrated market outperformance

Consistent share gains across business over 25 years and through multiple cycles

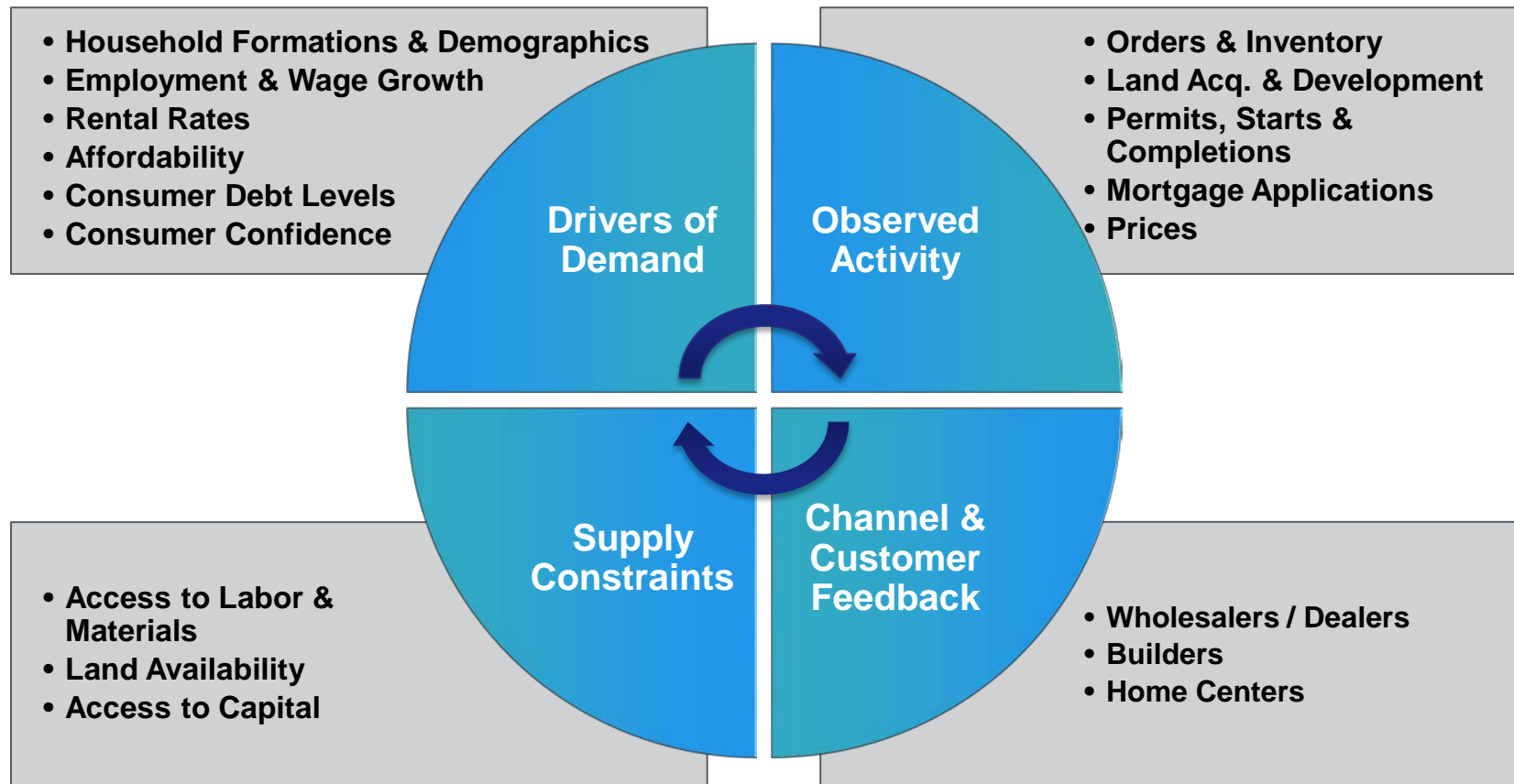
Strong capital structure

Low debt leverage and strong cash flow creates flexibility for incremental growth

MARKET FORECAST

Our market forecast is not a casual process. The forecast is critical to how we manage and invest in our business and considers multiple factors.

Our Market Forecast Inputs



CAPITAL ALLOCATION

Efficient cash management provides maximum flexibility to use cash and leverage a strong balance sheet for acquisitions, expansion into new markets and adjacent categories, and return cash to shareholders.

- Invest in current businesses
 - Product development, markets, brands, supply chains, manufacturing capacity
- Accretive acquisitions
 - Expand in current categories or adjacent categories globally
 - Evaluate new, complementary categories
 - Enhanced internal capabilities to execute acquisitions
 - Good companies to be made great, not turnarounds
- Share repurchases
 - Repurchased nearly \$1.2 billion of FBHS shares through 12/31/17
 - Opportunistic and designed to not limit growth prospects
- Dividend reflects Board's confidence in performance and long-term cash flow
 - Potential to increase dividend independent of other uses of cash
 - Less than 30% payout ratio to retain focus on growth

Our strategy has created a business structure well-positioned to drive profitable growth in key channels.

2017 FBHS Total Cabinet Sales:

\$2.5B

8%

Builder Direct

- Profitable growth focus

14%

Home Center Semi-Custom

- Profitable growth focus

7%

Canada

- Similar to U.S. market, stabilizing after energy downturn

22%

In-stock Cabinets & Vanities

- Dedicated supply chain
- Structured competitive set
- Better margin profile

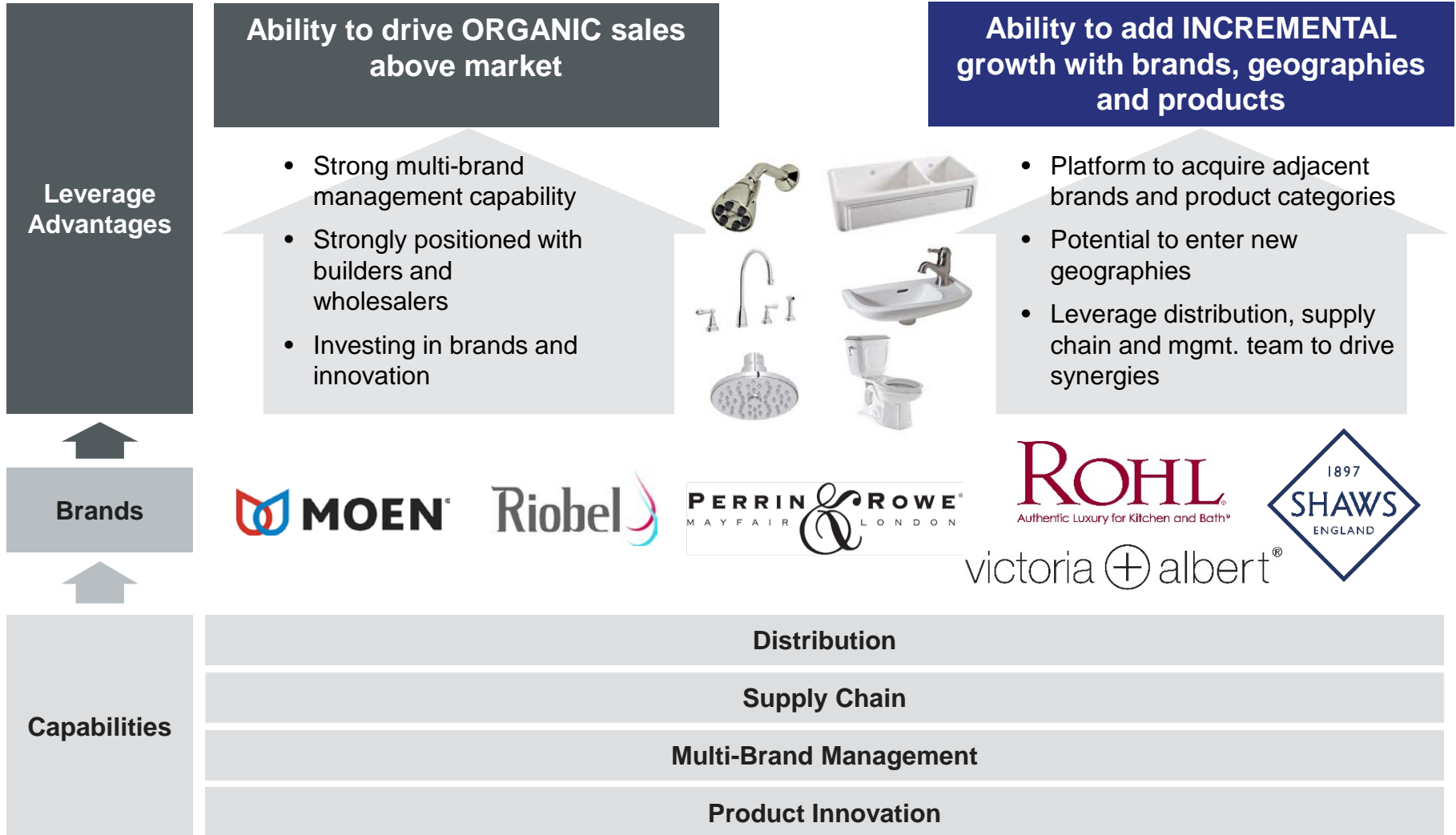
49%

Dealer

- Structural competitive advantages
 - Regional supply chain
- 5000+ dealers
- Multi-brand strategy
 - Unique offerings
 - Move customers across price points
- Best margin profile



The Global Plumbing Group structure gives us the capability to grow sales to \$2.5B by 2020 while maintaining leading margins.



Leader in fiberglass entry doors, with structural competitive advantages in product offering, market positioning and proprietary manufacturing techniques.

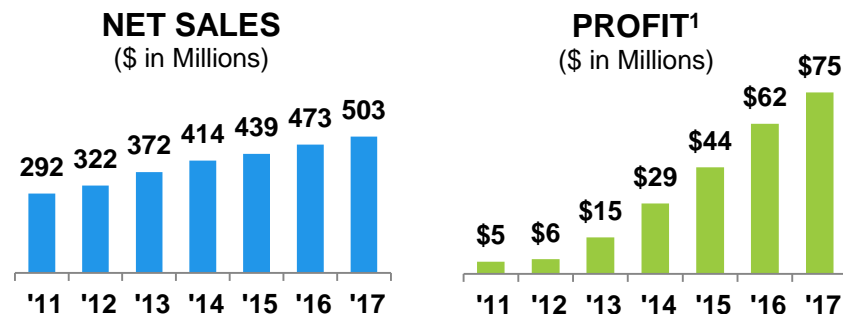
COMPETITIVE ADVANTAGES

- Innovative fiberglass material leadership
 - Fiberglass is the fastest growing segment of the entry door market
 - Continued stream of innovation in door styles, finishes, and decorative glass designs
- Best fabricator network and full entry door system approach
 - Fabricators add value by assembling and installing the entry door system
- Proprietary factory for unique glass designs

BENEFITS OF COMPETITIVE ADVANTAGES

- Therma-Tru is a leading fiberglass entry door brand in North America and growing

RECOVERY TO DATE



PROGRESS AT STEADY STATE

- Sales growth to ~\$650M
- Operating margins of ~16%
- Steady state operating margin target of 16% above initial expectation (15%)

Master Lock and SentrySafe are iconic brands with strong market share and significant potential to leverage the brand to expand globally.

COMPETITIVE ADVANTAGES

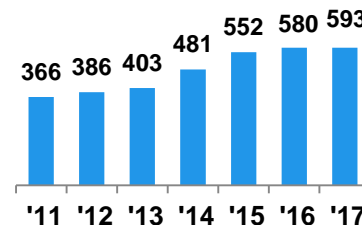
- Master Lock has leading brand awareness and strong global brand recognition
 - Brands drive the majority of retail sales
 - Ability to get price to cover input cost inflation
- Consistent flow of consumer focused innovation
 - Innovation drives demand and refreshes the category
- Flexible global supply chain
- SentrySafe is a leading producer of personal safes and protective containers

BENEFITS OF COMPETITIVE ADVANTAGES

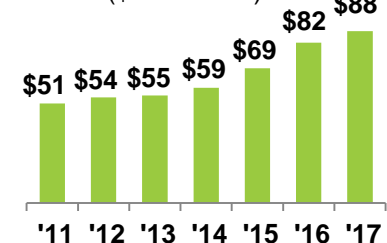
- Master Lock holds leading market share of domestic retail padlocks
- Broad distribution in both retail and commercial
- Growing international sales through multiple channels

RECOVERY TO DATE

NET SALES
(\$ in Millions)



PROFIT¹
(\$ in Millions)



PROGRESS AT STEADY STATE

- Significant margin improvement post integration of Sentry Safe
- Steady state operating margin target of ~17% above initial expectation (15%+)