

---

---

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

---

**FORM 8-K**

---

**CURRENT REPORT**

**PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934**

Date of report (Date of earliest event reported): February 6, 2014

---

**Fortune Brands Home & Security, Inc.**

(Exact Name of Registrant as Specified in its Charter)

---

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

**1-35166**  
(Commission  
File Number)

**62-1411546**  
(IRS Employer  
Identification No.)

**520 Lake Cook Road**  
**Deerfield, IL 60015**  
(Address of Principal Executive Offices) (Zip Code)

**847-484-4400**  
(Registrant's telephone number, including area code)

---

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 (see General Instruction A.2. below):

- 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))
- 
-

**Item 7.01. Regulation FD Disclosure.**

On February 6, 2014, the Registrant made a presentation to investors. A copy of the presentation is included as Exhibit 99.1 hereto.

The information contained in this Current Report on Form 8-K, including Exhibit 99.1, is furnished pursuant to Item 7.01 of Form 8-K and shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall it be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, except as shall be expressly stated by specific reference in such filing.

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

(d) Exhibits

The following exhibit is being furnished as part of this Current Report on Form 8-K:

| <u>Exhibit No.</u> | <u>Description</u>             |
|--------------------|--------------------------------|
| 99.1               | Presentation of the Registrant |

**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 hereunto duly authorized.

FORTUNE BRANDS HOME & SECURITY, INC.  
(Registrant)

By: /s/ E. Lee Wyatt, Jr.  
Name: E. Lee Wyatt, Jr.  
Title: Senior Vice President and Chief Financial Officer

Date: February 6, 2014

EXHIBIT INDEX

| <u>Exhibit No.</u> | <u>Description</u>             |
|--------------------|--------------------------------|
| 99.1               | Presentation of the Registrant |



# MAXIMIZING **LONG-TERM** VALUE



February 2014

# CORE GROWTH

Creating value by leveraging our **structural competitive advantages** to gain share and drive profitable growth in a recovering market

MAXIMIZING  
LONG-TERM VALUE

# INCREMENTAL GROWTH

Creating incremental value by utilizing our **strong balance sheet and cash flow**

# A Solid Foundation to Maximize Long-Term Shareholder Value



# Solid Business Model

**Structural competitive advantages**

Drives outsized growth and share gains in a recovering market

**Attractive product categories**

Consumer involved in purchase

**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 leverage and strong cash flow creates flexibility for incremental growth





# CORE GROWTH

Creating value by leveraging our **structural competitive advantages** to gain share and drive profitable growth in a recovering market

MAXIMIZING  
LONG-TERM VALUE

# Fortune Brands Home & Security

## 2013 Sales: \$4.2B

|                                     |   | <b>Brand Leadership</b>  | <b>Net Sales</b> | <b>Operating Margin<sup>1</sup></b> |
|-------------------------------------|---|--|------------------|-------------------------------------|
| <b>Kitchen &amp; Bath Cabinetry</b> |    | <b>#1</b> Kitchen & bath residential cabinet manufacturer in North America   | <b>\$1.6B</b>    | <b>7.3%</b>                         |
| <b>Plumbing &amp; Accessories</b>   |    | <b>#1</b> Faucet brand in North America  | <b>\$1.3B</b>    | <b>17.8%</b>                        |
| <b>Windows &amp; Door Systems</b>   | <br>    | <b>#1</b> Fiberglass residential entry door brand in U.S. among builders and remodelers.*<br> Ranked highest in customer satisfaction with Windows and Doors, 4 years in a row.* | <b>\$0.7B</b>    | <b>2.4%</b>                         |
| <b>Security &amp; Storage</b>       | <br> | <b>#1</b> Padlock brand in North America   | <b>\$0.6B</b>    | <b>15.8%</b>                        |

<sup>1</sup>Before Charges/Gains

\*Refer to Reference page for source(s)

# Kitchen & Bath Cabinetry



*Largest and most profitable North American cabinet business well-positioned to continue to gain share and drive profitable growth*

## COMPETITIVE ADVANTAGES

- ▶ Regional supply chain and service footprint provides dealers with more local production and prompt service
  - Dealers represent more than 50% of the market with local manufacturers supplying ~50% of the market
- ▶ Multiple brands allow designers and retailers to offer unique brands
- ▶ Efficient tools that allow designers to move customers across brands
- ▶ World-class service and trusted quality
  - Must meet designer and customer needs
- ▶ Consistent flow of consumer focused innovation – Approximately 30% of 2013 sales from products introduced over the past 3 years.
  - Innovation builds demand by exciting consumers

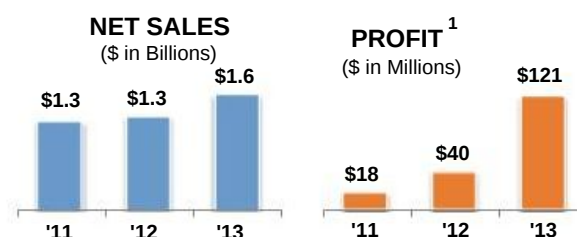


<sup>1</sup>Operating Income Before Charges/Gains

## Benefits of Competitive Advantages

- ▶ Leading North American market share and growing
- ▶ Largest and growing share in critical dealer channel and continuing strong home center presence
- ▶ Increased market share 500 basis points over the last 5 years and captured overall #1 position
- ▶ Market leadership allows disciplined focus on profitable growth

## Performance – First Phase



## Growth Potential – Next Phase

- ▶ Sales \$2+ billion
- ▶ Growing North American market share
- ▶ Operating margins return to 14%

# Plumbing & Accessories



North American market share leader well-positioned to gain share and drive profitable growth

## COMPETITIVE ADVANTAGES

- ▶ Exclusive national, multi-year contracts with majority of largest builders
  - Large builders purchase through wholesalers
- ▶ Large embedded base of Moen faucets in North America
  - Embedded base from years of category leadership drives repair & remodel back to brand
- ▶ Consistent flow of consumer focused innovation – 24% of 2013 sales from products introduced in the last 3 years
- ▶ Flexible global supply chain
- ▶ Strong and growing brand in China – built organically over time

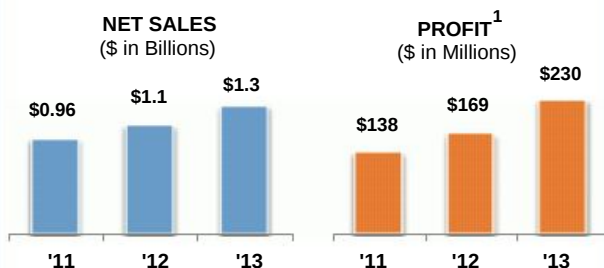


<sup>1</sup>Operating Income Before Charges/Gains

## Benefits of Competitive Advantages

- ▶ Leading market share in North America and growing
- ▶ Growing international business and global brand recognition

## Performance – First Phase



## Growth Potential – Next Phase

- ▶ Double digit sales growth with continued share gains
- ▶ Operating margins in high teens
- ▶ Larger international business in China and emerging markets

# Windows & Doors



Leader in fiberglass entry doors and best lead times in vinyl window industry

## 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
- ▶ Most dependable lead times for replacement vinyl windows
  - Fragmented industry requires product differentiation

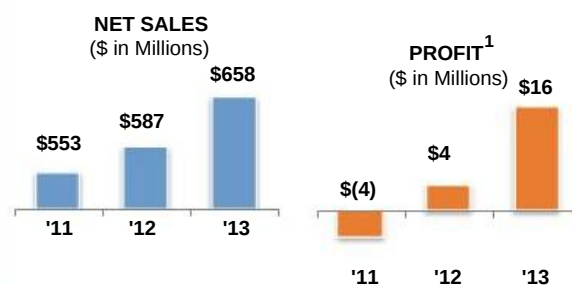


<sup>1</sup>Operating Income Before Charges/Gains

## Benefits of Competitive Advantages

- ▶ Therma-Tru is the leading fiberglass entry door brand in North America and growing
- ▶ Simonton is ranked highest in consumer and trade satisfaction by J.D. Powers

## Performance – First Phase



## Growth Potential – Next Phase

- ▶ Mid-teens sales growth
- ▶ Return to double digit operating margins

# Security & Storage



*Master Lock is an iconic brand 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
- ▶ Consistent flow of consumer focused innovation – 23% of 2013 segment sales from products introduced over the past three years
  - Innovation drives demand and refreshes the category
- ▶ Recently developed commercial electronic locking capabilities and solutions
  - Growing demand for electronic locking solutions
- ▶ Flexible global supply chain

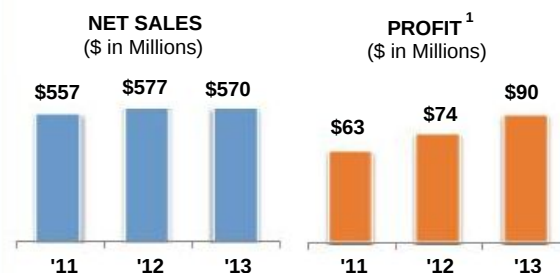


<sup>1</sup>Operating Income Before Charges/Gains

## 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

## Performance – First Phase



## Growth Potential – Next Phase

- ▶ Double digit growth for security products
- ▶ Larger and growing international business
- ▶ Growing electronic solutions become a meaningful portion of business

# Market Outlook



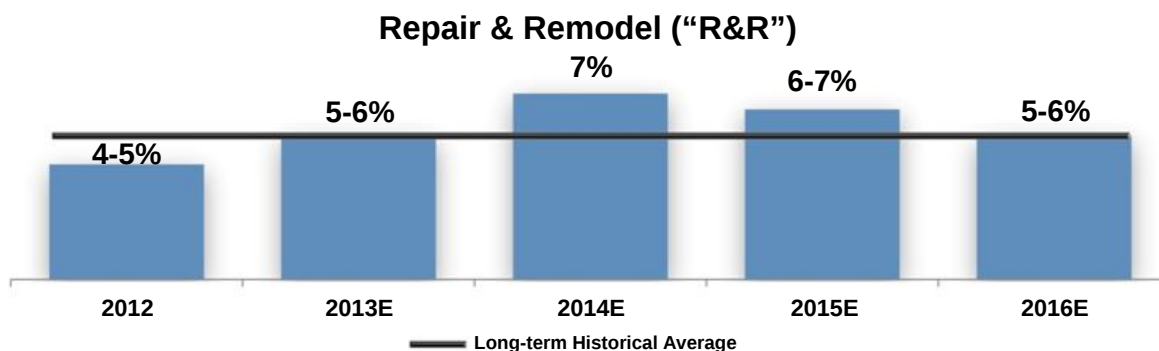
We have come through a historic downturn but still have a long way to go to return to the long-term average housing starts – driven by household formations and demolitions.



Source: U.S. Census Bureau and internal company data

## 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*



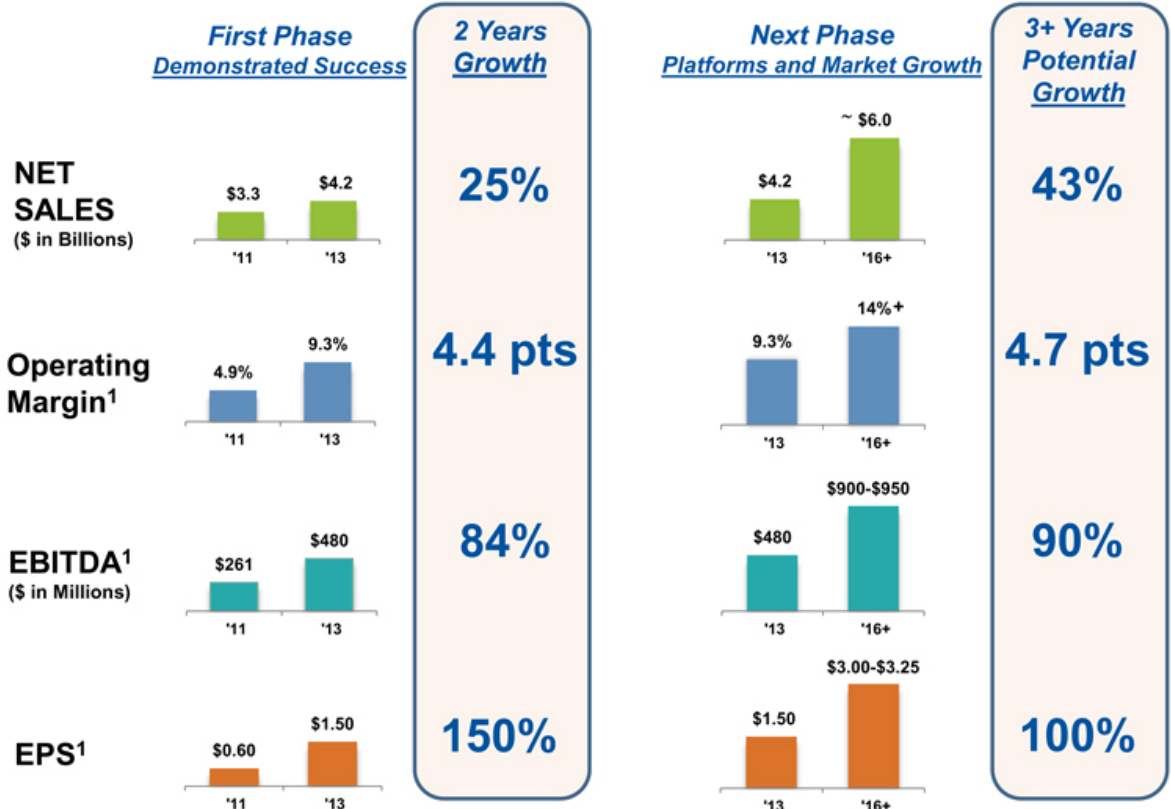
- ▶ Pent-up demand has developed
  - From 2007 – 2012 R&R growth was significantly below the long-term historical average, even negative for a period
  - Early in the recovery big-ticket projects lagged even further, as expected
  - The median age of homes in the U.S. has increased and is now 40 years
  - Homes built during 1996-2006 are entering a remodel period
- ▶ Consumers' confidence also drives willingness to invest in their homes
  - Employment
  - Home prices are improving
  - 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





# Potential From Core Growth

Creating value by leveraging our structural competitive advantages to gain share and drive profitable growth in a market that we expect to recover to 1.5M housing starts and 6-7% R&R growth



<sup>1</sup>Before Charges/Gains

MAXIMIZING  
LONG-TERM VALUE

## INCREMENTAL GROWTH

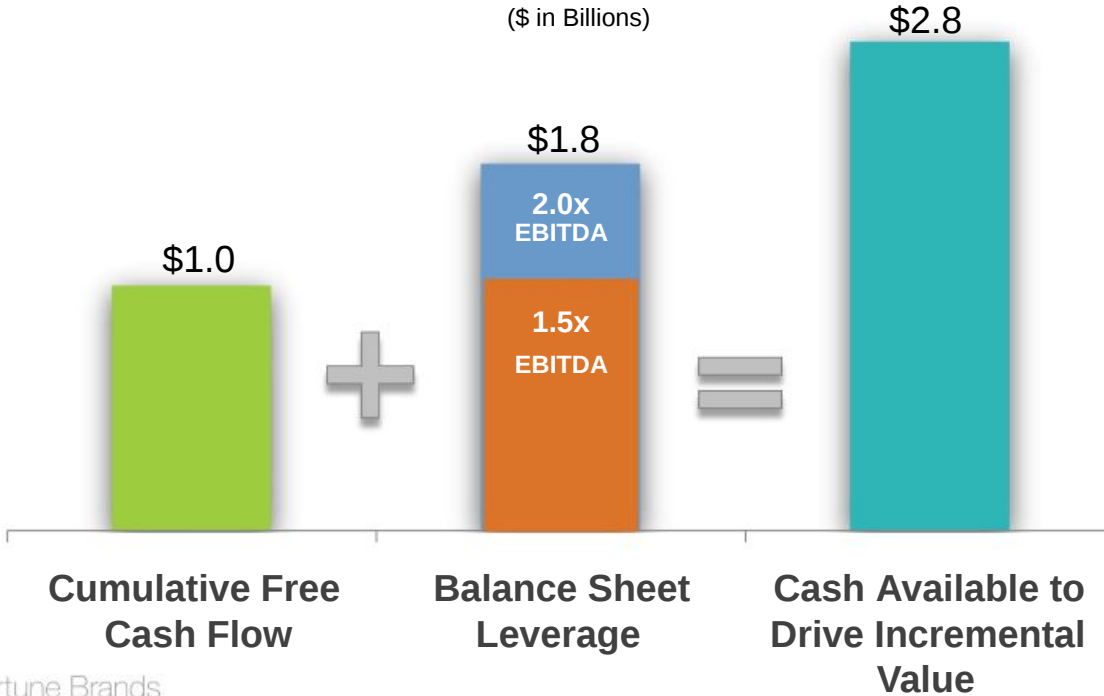
Creating incremental value by  
utilizing our **strong balance sheet**  
and **cash flow**

# Incremental Growth Opportunities

Over the next 3+ years, the combination of free cash flow and reasonable debt leverage could create \$2.8 billion of available cash

## 3+ Years Outlook

(\$ in Billions)



# Capital Allocation

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

## ▶ Acquisitions

- Expand in current categories or adjacent categories globally
- Evaluate new, complementary categories
- Enhanced internal capabilities to execute acquisitions

## ▶ Dividend reflects Board's confidence in performance and long-term cash flow

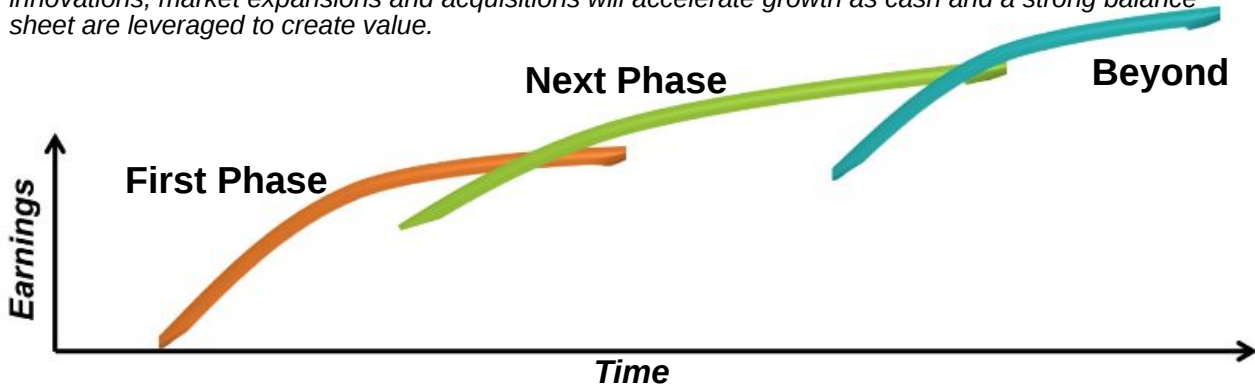
- Potential to increase dividend independent of other uses of cash
- Less than 30% payout ratio
- Should not limit growth prospects

## ▶ Share repurchase

- Repurchased \$61 million of FBHS shares through 2013

# Multiple Growth Opportunities

Initially, the economic recovery will drive significant organic growth. Beyond the recovery, product innovations, market expansions and acquisitions will accelerate growth as cash and a strong balance sheet are leveraged to create value.



## First Phase – Proved the Model

- ▶ Improved Financial Performance
  - Increased net sales 25% to over \$4B
  - EBITDA<sup>1</sup> grew 84% and EPS<sup>1</sup> was up ~150%
- ▶ Further Strengthened Balance Sheet
  - Reduced Net Debt/EBITDA to nearly ZERO
- ▶ Deployed Capital
  - Initiated 10¢ quarterly dividend, increased to 12¢ for 2014
  - Acquired WoodCrafters for \$300M
  - Repurchased \$61M of shares
- ▶ Strengthened Organization
  - Aligned management compensation to drive shareholder value through an increased focus on equity compensation
  - Brought in proven, experienced talent for key leadership roles
  - Enhanced strategy and corporate development team to help drive the next phase of growth

## Next Phase – Leverage the Model

- ▶ Continue to leverage structural competitive advantages, brand building and consumer driven innovation to gain market share
- ▶ Accelerate investment in market expansion
- ▶ Acquire to expand in current and new complementary categories globally
- ▶ Return cash to shareholders through dividends and share repurchases
- ▶ Expand capacity to capture growth



<sup>1</sup>Before Charges/Gains

## 2014 Guidance

Based on more than two years of strong and improving performance and continued confidence in the home products market recovery, FBHS expects the following performance for full-year 2014 results:

|                                  | 2013 Actual   | 2014 Guidance          |
|----------------------------------|---------------|------------------------|
| <b>U.S. Home Products Market</b> | <b>10%</b>    | <b>+10-11%</b>         |
| <b>Net Sales</b>                 | <b>\$4.2B</b> | <b>+11-13%</b>         |
| <b>EPS<sup>1</sup></b>           | <b>\$1.50</b> | <b>\$1.91 - \$2.01</b> |



<sup>1</sup>Before Charges/Gains

# 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 the “Next Phase” and “guidance” and statements with words such as “will,” “should,” “could,” “expects,” “potential” 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 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, EBITDA margin before charges/gains, operating income before charges/gains, operating margin before charges/gains, unlevered free cash flow, 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](http://www.FBHS.com).

# CORE GROWTH

Creating value by leveraging our **structural competitive advantages** to gain share and drive profitable growth in a recovering market

MAXIMIZING  
LONG-TERM VALUE

## Appendix

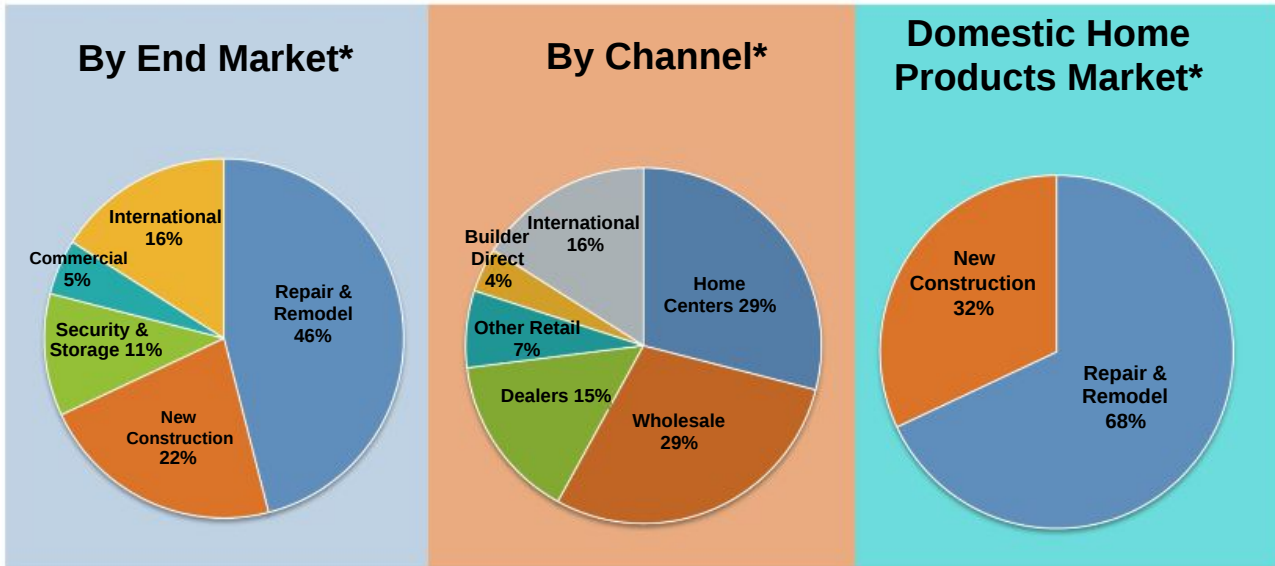
# INCREMENTAL GROWTH

Creating incremental value by utilizing our **strong balance sheet** and **cash flow**



# Balanced & Diverse Business Mix

Our business mix is driven by Repair and Remodel  
International is 16% of net sales, Canada is 10% and China is 4%



# Since 2009, we have restructured, recovered, and are moving forward towards earnings and cash flow growth

## Fiscal Year Ending December 31

| (\$ millions)                         | 2006    | 2009    | 2011    | 2012    | 2013    |
|---------------------------------------|---------|---------|---------|---------|---------|
| Net Sales                             | \$4,694 | \$3,007 | \$3,329 | \$3,591 | \$4,157 |
| % Growth vs. Prior Year               | 13%     | (20%)   | 3%      | 8%      | 16%     |
| Operating Income <sup>1</sup>         | \$ 678  | \$ 81   | \$ 163  | \$ 228  | \$ 388  |
| % Operating Margin <sup>1</sup>       | 14%     | 3%      | 5%      | 6%      | 9%      |
| EBITDA <sup>1</sup>                   | \$ 826  | \$ 195  | \$ 261  | \$ 321  | \$ 480  |
| % EBITDA Margin <sup>1</sup>          | 18%     | 6%      | 8%      | 9%      | 12%     |
| Unlevered Free Cash Flow <sup>2</sup> | \$ 464  | \$ 280  | \$ 130  | \$ 331  | \$ 259  |



<sup>1</sup>Before Charges/Gains; <sup>2</sup>Including incremental standalone corporate expenses for periods prior to the spin-off from Fortune Brands, Inc.

# References

Page 7: *Simonton Windows received the highest numerical score among window and door manufacturers in a tie in the proprietary J.D. Power 2010-2013 Windows and Patio Doors Satisfaction Studies<sup>SM</sup> (Tied in 2013). 2013 study based on responses from 2,554 consumers measuring 11 brands and measures opinions of consumers who purchased new windows or patio doors in the previous 12 months. Proprietary study results are based on experiences and perceptions of consumers surveyed in January – February 2013. Your experiences may vary. Visit: [www.JDPower.com](http://www.JDPower.com).*

Page 7: Brand Use Studies, 2013 *Builder* and 2013 *Remodeling* Magazines