

FORTUNE BRANDS HOME & SECURITY, INC.
RECONCILIATION OF OPERATING INCOME BEFORE CHARGES/GAINS TO GAAP OPERATING INCOME
(In millions)
(Unaudited)

	Three Months Ended			
	March 31, 2021	March 31, 2020	\$ change	% change
PLUMBING				
Operating income before charges/gains ^(a)	\$ 149.4	\$ 104.4	\$ 45.0	43
Restructuring charges ^(b)	-	(0.3)	0.3	100
Other charges ^(b)				
Cost of products sold	(1.5)	0.5	(2.0)	(400)
Selling, general and administrative expenses	-	(0.1)	0.1	100
Operating income (GAAP)	\$ 147.9	\$ 104.5	\$ 43.4	42
OUTDOORS & SECURITY				
Operating income before charges/gains ^(a)	\$ 62.3	\$ 32.6	\$ 29.7	91
Restructuring charges ^(b)	(6.1)	(0.3)	(5.8)	(1,933)
Other charges ^(b)				
Cost of products sold	(3.4)	(0.8)	(2.6)	(325)
Operating income (GAAP)	\$ 52.8	\$ 31.5	\$ 21.3	68
CABINETS				
Operating income before charges/gains ^(a)	\$ 74.5	\$ 55.7	\$ 18.8	34
Restructuring charges ^(b)	(1.5)	(2.4)	0.9	38
Other charges ^(b)				
Cost of products sold	(0.4)	0.1	(0.5)	(500)
Selling, general and administrative expenses	-	(0.2)	0.2	100
Asset impairment charges ^(e)	-	(9.5)	9.5	100
Operating income (GAAP)	\$ 72.6	\$ 43.7	\$ 28.9	66
CORPORATE				
General and administrative expense before charges/gains	\$ (24.4)	\$ (22.9)	\$ (1.5)	(7)
Restructuring charges ^(b)	-	(1.5)	1.5	100
Other charges ^(b)				
Selling, general and administrative expenses	(0.5)	(0.3)	(0.2)	(67)
Corporate expense (GAAP)	\$ (24.9)	\$ (24.7)	\$ (0.2)	(1)
TOTAL COMPANY				
Operating income before charges/gains ^(a)	\$ 261.8	\$ 169.8	\$ 92.0	54
Restructuring charges ^(b)	(7.6)	(4.5)	(3.1)	(69)
Other charges ^(b)				
Cost of products sold	(5.3)	(0.2)	(5.1)	(2,550)
Selling, general and administrative expenses	(0.5)	(0.6)	0.1	17
Asset impairment charges ^(e)	-	(9.5)	9.5	100
Operating income (GAAP)	\$ 248.4	\$ 155.0	\$ 93.4	60

(a) (b) (e) For definitions of Non-GAAP measures, see Definitions of Terms page

DILUTED EPS BEFORE CHARGES/GAINS RECONCILIATION

For the three months ended March 31, 2021 diluted EPS before charges/gains is net income less noncontrolling interests calculated on a diluted per-share basis, excluding \$13.4 million (\$10.0 million after tax or \$0.08 per diluted share) of restructuring and other charges and a loss on equity investment of \$4.5 million (\$3.4 million after tax or \$0.02 per diluted share).

For the three months ended March 31, 2020, diluted EPS before charges/gains is net income less noncontrolling interests calculated on a diluted per-share basis, excluding \$5.3 million (\$3.7 million after tax or \$0.03 per diluted share) of restructuring and other charges, an asset impairment charge of \$9.5 million (\$7.1 million after tax or \$0.05 per diluted share), a gain on equity investment of \$6.6 million (\$5.0 million after tax or \$0.04 per diluted share) and a net tax benefit of \$0.6 million.

Earnings Per Common Share - Diluted

Diluted EPS Before Charges/Gains ^(c)

Restructuring and other charges

Asset impairment charges ^(e)

(Loss) gain on equity investment ^(f)

Tax items

Diluted EPS (GAAP)

Three Months Ended March 31,		
2021	2020	% Change
\$ 1.36	\$ 0.81	68
(0.08)	(0.03)	(167)
-	(0.05)	100
(0.02)	0.04	(150)
-	-	-
\$ 1.26	\$ 0.77	64

(c) (e) (f) For definitions of Non-GAAP measures, see Definitions of Terms page

FORTUNE BRANDS HOME & SECURITY, INC.

(In millions)

(Unaudited)

RECONCILIATION OF EBITDA BEFORE CHARGES/GAINS TO NET INCOME

	Three Months Ended March 31, 2021
EBITDA BEFORE CHARGES/GAINS ^(d)	\$ 309.1
Depreciation*	\$ (29.5)
Amortization of intangible assets	(16.6)
Restructuring and other charges	(13.4)
Interest expense	(21.4)
Loss on equity investment ^(f)	(4.5)
Income taxes	(45.9)
Net Income (GAAP)	\$ 177.8

* Depreciation excludes accelerated depreciation expense of (\$1.6) million for the three months ended March 31, 2021. Accelerated depreciation is included in restructuring and other charges.

CALCULATION OF NET DEBT-TO-EBITDA BEFORE CHARGES/GAINS RATIO

As of March 31, 2021	
Long-term debt **	2,682.8
Total debt	2,682.8
Less:	
Cash and cash equivalents **	356.1
Net debt (1)	2,326.7
For the twelve months ended March 31, 2021	
EBITDA before charges/gains (2) ^(c)	1,119.6
Net debt-to-EBITDA before charges/gains ratio (1/2)	2.1

** Amounts are per the Unaudited Condensed Consolidated Balance Sheet as of March 31, 2021.

	Nine Months Ended December 31, 2020	Three Months Ended March 31, 2021	Twelve Months Ended March 31, 2021
EBITDA BEFORE CHARGES/GAINS ^(d)	\$ 810.5	\$ 309.1	\$ 1,119.6
Depreciation***	\$ (85.5)	\$ (29.5)	\$ (115.0)
Amortization of intangible assets	(31.7)	(16.6)	(48.3)
Restructuring and other charges	(27.9)	(13.4)	(41.3)
Interest expense	(61.8)	(21.4)	(83.2)
Asset impairment charges ^(e)	(13.0)	-	(13.0)
Equity in losses of affiliate	(7.3)	-	(7.3)
Gain (loss) on equity investment ^(f)	4.4	(4.5)	(0.1)
Defined benefit plan actuarial losses	(3.2)	-	(3.2)
Income taxes	(138.9)	(45.9)	(184.8)
Net Income (GAAP)	\$ 445.6	\$ 177.8	\$ 623.4

*** Depreciation excludes accelerated depreciation expense of (\$8.8) million for the nine months ended December 31, 2020. Accelerated depreciation is included in restructuring and other charges.

(d) (e) (f) For definitions of Non-GAAP measures, see Definitions of Terms page

FORTUNE BRANDS HOME & SECURITY, INC.
BEFORE CHARGES/GAINS OPERATING MARGIN TO OPERATING MARGIN
(Unaudited)

Three Months Ended March 31,		
2021	2020	Change

PLUMBING

Before charges/gains operating margin

Restructuring & other charges

Operating margin

24.0%	22.3%	170 bps
(0.2%)	-	
23.8%	22.3%	150 bps

OUTDOORS & SECURITY

Before charges/gains operating margin

Restructuring & other charges

Operating margin

13.5%	10.4%	310 bps
(2.1%)	(0.4%)	
11.4%	10.0%	140 bps

CABINETS

Before charges/gains operating margin

Restructuring & other charges

Asset impairment charges

Operating margin

10.8%	9.0%	180 bps
(0.2%)	(0.4%)	
-	(1.6%)	
10.6%	7.0%	360 bps

TOTAL COMPANY

Before charges/gains operating margin

Restructuring & other charges

Asset impairment charges

Operating margin

14.8%	12.1%	270 bps
(0.8%)	(0.4%)	
-	(0.7%)	
14.0%	11.0%	300 bps

Operating margin is calculated as operating income derived in accordance with GAAP divided by GAAP net sales. Before charges/gains operating margin is operating income derived in accordance with GAAP, excluding restructuring and other charges and asset impairment charges, divided by GAAP net sales. Before charges/gains operating margin is a measure not derived in accordance with GAAP. Management uses this measure to evaluate the returns generated by FBHS and its business segments. Management believes this measure provides investors with helpful supplemental information regarding the underlying performance of the Company from period to period. This measure may be inconsistent with similar measures presented by other companies.

FORTUNE BRANDS HOME & SECURITY, INC.
FREE CASH FLOW GUIDANCE TO GAAP CASH FLOW FROM OPERATIONS
(In millions)
(Unaudited)

	2021 Full Year Approximation
Free Cash Flow*	\$ 650.0 - 700.0
Add:	
Capital expenditures	210.0 - 250.0
Less:	
Proceeds from the disposition of assets	1.7 - 5.0
Proceeds from the exercise of stock options	25.0 - 30.0
Cash Flow From Operations (GAAP)	\$ 833.3 - 915.0

* Free cash flow is cash flow from operations calculated in accordance with U.S. generally accepted accounting principles ("GAAP") less net capital expenditures (capital expenditures less proceeds from the disposition of assets including property, plant and equipment) plus proceeds from the exercise of stock options. Free cash flow does not include adjustments for certain non-discretionary cash flows such as mandatory debt repayments. Free cash flow is a measure not derived in accordance with GAAP. Management believes that free cash flow provides investors with helpful supplemental information about the Company's ability to fund internal growth, make acquisitions, repay debt and related interest, pay dividends and repurchase common stock. This measure may be inconsistent with similar measures presented by other companies.

FORTUNE BRANDS HOME & SECURITY, INC.
RECONCILIATION OF PERCENTAGE CHANGE IN OUTDOORS & SECURITY NET SALES EXCLUDING LARSON NET SALES TO PERCENTAGE CHANGE IN NET SALES (GAAP)
(Unaudited)

OUTDOORS & SECURITY

Percentage change in Net Sales excluding LARSON Net Sales
 LARSON Net Sales
 Percentage change in Net Sales (GAAP)

Three Months Ended March 31, 2021	
% change	
	15%
	32%
	47%

Outdoors & Security net sales excluding LARSON net sales is Outdoors & Security net sales derived in accordance with GAAP excluding LARSON net sales. Management uses this measure to evaluate the overall performance of the Outdoors & Security segment and believes this measure provides investors with helpful supplemental information regarding the underlying performance of the segment from period to period. This measure may be inconsistent with similar measures presented by other companies.

FORTUNE BRANDS HOME & SECURITY, INC.
RECONCILIATION OF PERCENTAGE CHANGE IN PLUMBING NET SALES EXCLUDING FX IMPACT TO PERCENTAGE CHANGE IN NET SALES (GAAP)
(Unaudited)

PLUMBING

Percentage change in Net Sales excluding FX Impact
 FX Impact
 Percentage change in Net Sales (GAAP)

Three Months Ended March 31, 2021	
% change	
	30%
	3%
	33%

Plumbing net sales excluding FX impact is consolidated Plumbing net sales derived in accordance with GAAP excluding the FX impact on net sales. Management uses this measure to evaluate the overall performance of the Plumbing segment and believes this measure provides investors with helpful supplemental information regarding the underlying performance of the segment from period to period. This measure may be inconsistent with similar measures presented by other companies.

FORTUNE BRANDS HOME & SECURITY, INC.
RECONCILIATION OF FULL YEAR 2021 GUIDANCE DILUTED EPS BEFORE CHARGES/GAINS TO GAAP DILUTED EPS
(Unaudited)

	Twelve Months Ended		
	December 31, 2021	December 31, 2020	% change
Diluted EPS before charges/gains - full year range	\$ 5.45 - 5.65	\$ 4.19	30 - 35
Diluted EPS Before Charges/Gains ^(c)	\$ 5.55	\$ 4.19	32
Restructuring and other charges	(0.16)	(0.19)	
Asset impairment charges ^(e)	-	(0.13)	
Gain on equity investment ^(f)	-	0.06	
Defined benefit plan actuarial losses	-	(0.02)	
Tax items	-	0.03	
Diluted EPS - (GAAP)	\$ 5.39	\$ 3.94	37
Diluted EPS - (GAAP) - full year range	\$ 5.29 - 5.49	\$ 3.94	34 - 39

The Company is targeting diluted EPS before charges/gains to be in the range of \$5.45 to \$5.65 per share. For the full year, on a GAAP basis, the Company is targeting diluted EPS to be in the range of \$5.29 to \$5.49 per share and including the full year impact of previously announced restructuring actions. Reconciliation of non-GAAP diluted EPS guidance to GAAP diluted EPS guidance cannot be provided without unreasonable efforts on a forward-looking basis due to the high variability and low visibility with respect to gains and losses associated with our defined benefit plans and restructuring and other charges, which are excluded from the diluted EPS before charges/gains. In addition, the Company's GAAP EPS range assumes the Company incurs no gains or losses associated with its defined benefit plans during 2021.

For the twelve months ended December 31, 2020, diluted EPS before charges/gains is net income less noncontrolling interests calculated on a diluted per-share basis excluding \$33.2 million (\$27.1 million after tax or \$0.19 per diluted share) of restructuring and other charges, asset impairment charges of \$22.5 million (\$17.6 million after tax or \$0.13 per diluted share), gain on equity investment of \$11.0 million (\$8.3 million net of tax or \$0.06 per diluted share), the impact from actuarial losses associated with our defined benefit plans of \$3.2 million (\$2.3 million after tax or \$0.02 per diluted share) and a tax benefit of \$3.8 million (\$0.03 per diluted share).

(c) (e) (f) For definitions of Non-GAAP measures, see Definitions of Terms page

Definitions of Terms: Non-GAAP Measures

(a) Operating income before charges/gains is operating income derived in accordance with GAAP excluding restructuring and other charges and asset impairment charges. Operating income before charges/gains is a measure not derived in accordance with GAAP. Management uses this measure to evaluate the returns generated by the Company and its business segments. Management believes this measure provides investors with helpful supplemental information regarding the underlying performance of the Company from period to period. This measure may be inconsistent with similar measures presented by other companies.

(b) Restructuring charges are costs incurred to implement significant cost reduction initiatives and include workforce reduction costs. "Other charges" represent charges directly related to restructuring initiatives that cannot be reported as restructuring under GAAP. Such costs may include losses on disposal of inventories, trade receivables allowances from exiting product lines, accelerated depreciation resulting from the closure of facilities and gains or losses on the sale of previously closed facilities. In total, we recognized charges of \$1.9 million and \$0.8 million for the three months ended March 31, 2021 and March 31, 2020, respectively.

At Corporate, other charges also include pre-tax expenditures of \$0.3 million for banking, legal, accounting and other similar services directly related to the acquisition of Larson classified in selling, general and administrative expenses and a pre-tax charge of \$0.2 million for a loss on sale of a Corporate asset during the three months ended March 31, 2021. In our Outdoors & Security segment, other charges also includes an acquisition-related inventory step-up expense (LARSON) of \$3.4 million classified in cost of products sold for the three months ended March 31, 2020.

(c) Diluted EPS before charges/gains is net income less noncontrolling interests calculated on a diluted per-share basis excluding restructuring and other charges, asset impairment charges, gain (loss) on equity investment, amortization of differences between equity investment and the carrying value of equity, actuarial losses associated with our defined benefit plans and tax items. Diluted EPS before charges/gains is a measure not derived in accordance with GAAP. Management uses this measure to evaluate the overall performance of the Company and believes this measure provides investors with helpful supplemental information regarding the underlying performance of the Company from period to period. This measure may be inconsistent with similar measures presented by other companies.

(d) EBITDA before charges/gains is net income derived in accordance with GAAP excluding depreciation, amortization of intangible assets, restructuring and other charges, interest expense, asset impairment charges, equity in losses of affiliate, gain (loss) on equity investment, defined benefit plan actuarial losses and income taxes. EBITDA before charges/gains is a measure not derived in accordance with GAAP. Management uses this measure to assess returns generated by the Company. Management believes this measure provides investors with helpful supplemental information about the Company's ability to fund internal growth, make acquisitions and repay debt and related interest. This measure may be inconsistent with similar measures presented by other companies.

(e) Asset impairment charges for the three months ended March 31, 2020 represent pre-tax impairment charges of \$9.5 million related to an indefinite-lived tradename within our Cabinets segment. Asset impairment charges for the nine months ended December 31, 2020 represent pre-tax impairment charges of \$13.0 million related to an indefinite-lived tradename within our Plumbing segment. Asset impairment charges for the twelve months ended December 31, 2020 represent pre-tax impairment charges of \$22.5 million related to indefinite-lived tradenames in our Cabinets and Plumbing segments.

(f) Gain (loss) on equity investment for the nine and twelve months ended December 31, 2020 and three months ended March 31, 2021 are related to our investment in Flo Technologies.