



SHERWIN-WILLIAMS.

# 1Q 2020 RESULTS & 2020 OUTLOOK

APRIL 29, 2020



This presentation contains certain “forward-looking statements,” as defined under U.S. federal securities laws, with respect to sales, earnings and other matters. These statements can be identified by the use of forward-looking terminology such as “believe,” “expect,” “may,” “will,” “should,” “project,” “could,” “plan,” “goal,” “potential,” “seek,” “intend” or “anticipate” or the negative thereof or comparable terminology. These forward-looking statements are based upon management’s current expectations, estimates, assumptions and beliefs concerning future events and conditions. Readers are cautioned not to place undue reliance on any forward-looking statements. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of the Company that could cause actual results to differ materially from such statements and from the Company’s historical results and experience. These risks, uncertainties and other factors include such things as: general business and economic conditions; the Company’s ability to successfully integrate past and future acquisitions into its existing operations, as well as the performance of the businesses acquired; strengths of retail and manufacturing economies and the growth in the coatings industry; changes in the Company’s relationships with customers and suppliers; changes in raw material availability and pricing; adverse weather conditions or impacts of climate change, natural disasters and public health crises, including the COVID-19 pandemic; the duration, severity and scope of the COVID-19 pandemic and the actions implemented by international, federal, state and local public health and governmental authorities to contain and combat the outbreak and spread of COVID-19, which may exacerbate one or more of the aforementioned and/or other risks, uncertainties and factors more fully described in the Company’s reports filed with the Securities and Exchange Commission (SEC); and other risks, uncertainties and factors described from time to time in the Company’s reports filed with the SEC. Since it is not possible to predict or identify all of the risks, uncertainties and other factors that may affect future results, the above list should not be considered a complete list. Any forward-looking statement speaks only as of the date on which such statement is made, and the Company undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

# COVID-19: Our Employee Response

## PROVIDING SUPPORT & BENEFITS

SHERWIN-WILLIAMS®

### PROTECTING OUR EMPLOYEES

- Enhanced paid sick and/or family leave
- Alternate, remote and flexible working arrangements where possible
- Curbside pick-up and delivery only in stores
- Enhanced sanitary procedures
- Social distancing best practices
- Return to Work and visitor screening protocols
- Premium pay for select front-line employees
- Cancelled employee in-person training and large group events
- Travel virtually eliminated

### BENEFITS ENHANCEMENTS

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#### COVID-19 ENHANCED EMPLOYEE BENEFITS

WE HAVE IMPLEMENTED TEMPORARY ENHANCED BENEFITS TO SUPPORT OUR EMPLOYEES DURING THE COVID-19 PANDEMIC

**These temporary benefits include:**

- ADDITIONAL SICK DAYS**
  - If you are sick, please stay home
  - You will receive pay under the Company's short-term disability ("STD") plan
  - For employees without available STD benefits, the Company will provide up to 5 workdays of pay
- PAY CONTINUATION IN THE EVENT OF QUARANTINE**
  - Employees on medical or S-W mandated quarantine due to exposure to the virus or a suspected or confirmed diagnosis of COVID-19 will receive up to 14 days of pay
  - Pay and benefits will remain uninterrupted during this time
- PAID TIME OFF DUE TO CHILD CARE CHALLENGES**
  - Employees impacted by school closures may be approved for up to 5 workdays of pay to allow for time to make alternate childcare arrangements
- EMERGENCY VOLUNTARY LEAVE PROGRAM**
  - Up to 8 weeks of excused unpaid leave
  - Continued coverage in currently enrolled health and welfare plans
- OTHER TEMPORARY BENEFITS**
  - An emergency grant of 5 days to care for immediate family members
  - Enhanced emergency health care and prescription benefits for eligible employees
  - Telehealth Services to all employees (available in U.S. and Canada)
  - Employee Assistance Program support for all employees

Additional details of these programs may be accessed by clicking on Coronavirus (COVID-19) Resources on the home page of mySherwin and clicking the U.S. & Canada Resources tab. Contact your HR Representative with any questions about eligibility for these benefits.

 \* These benefits apply to non-union regular part-time and full-time employees in the U.S., Canada, Puerto Rico and the U.S. Virgin Islands.  
\* Employees with available local leave time will be asked to utilize that paid time before being eligible for the benefits described above.

# COVID-19: Our Customer Response

PROVIDING PRODUCTS, SERVICES, & RESOURCES

SHERWIN-WILLIAMS®

## SUPPLYING CRITICAL COATINGS



HOME & BUILDING PRODUCTS



FOOD & BEVERAGE PACKAGING



HEALTH CARE EQUIPMENT



ENERGY & WATER INFRASTRUCTURE

## SMALL BUSINESS RESOURCES

DIRECTING  
CUSTOMERS TO  
RELIEF PROGRAMS  
AND RESOURCES



- U.S. Chamber of Commerce [Coronavirus Small Business Guide](#)
- CARES Act Programs
- Families First Coronavirus Response Act Programs (FFCRA)
- State and Local Government Programs

# COVID-19: Our Community Response

PROVIDING SUPPORT THROUGH DONATIONS

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## PERSONAL PROTECTIVE EQUIPMENT (PPE) DONATIONS



250,000+



HAND SANITIZERS, MASKS,  
GLOVES, AND  
LAB COATS DONATED



DOZENS OF LOCAL  
DONATIONS FROM  
STORES TO LOCAL  
FIRST RESPONDERS



## FINANCIAL DONATIONS



DONATION TO  
CLEVELAND COVID-19  
RAPID RESPONSE FUND

# 1Q 2020 Financial Performance Highlights

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(\$ in millions)	1Q 2020	1Q 2019	Growth
<b>Sales</b>	<b>\$4,146.7</b>	<b>\$4,040.9</b>	<b>2.6%</b>
<b>Gross Profit</b>	<b>\$1,889.7</b>	<b>\$1,735.1</b>	<b>8.9%</b>
<i>Gross Margin</i>	<i>45.6%</i>	<i>42.9%</i>	<i>270 bps</i>
<b>Reported EPS</b>	<b>\$3.46</b>	<b>\$2.62</b>	<b>32.1%</b>
<b>Adjusted EPS<sup>(1)</sup></b>	<b>\$4.08</b>	<b>\$3.60</b>	<b>13.3%</b>
<b>Net Operating Cash</b>	<b>\$54.9</b>	<b>(\$36.0)</b>	<b>252.5%</b>

- Sales growth of 2.6% in line with guidance; strong architectural paint volumes
- 270 basis point improvement in gross margin, driven by strong volume, improved pricing, and lower raw material costs
- Adjusted EPS increased 13.3% to \$4.08/share, vs. \$3.60/share in prior year
- Adjusted EBITDA increased \$48 million to \$623.1 million, or 15.0% of sales
- Net operating cash improved \$90.9 million
- Increased dividend 18.6% to \$1.34 per share
- Repurchased 1.7 million shares of common stock in the quarter



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# THE AMERICAS GROUP



(\$ in millions)	1Q 2020	1Q 2019	Growth
<b>Sales</b>	<b>\$2,305.5</b>	<b>\$2,154.9</b>	<b>7.0%</b>
<b>Segment Profit</b>	<b>\$388.3</b>	<b>\$331.1</b>	<b>17.3%</b>
<i>Segment Margin</i>	<i>16.8%</i>	<i>15.4%</i>	<i>140 bps</i>

- 1Q same store sales growth of 7.4%
- Growth driven by strong architectural paint volumes across all end markets
- Sales trended strongly throughout the quarter until slowing considerably in the last two weeks of March related to COVID-19
- Segment profit increased 17.3% to \$388.3 million, and segment margin increased 140 basis points to 16.8%
- Sales positive in every division, led by the Midwest Division followed by Canada, Eastern, Southwest and Southeast divisions, respectively

Res Repaint	Commercial	Property Maintenance	New Residential	DIY	Protective & Marine

1Q-20 Actual (HSD/MSD/LSD = high, mid or low single digits. DD = double digits)

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# CONSUMER BRANDS GROUP



(\$ in millions)	1Q 2020	1Q 2019	Growth
<b>Sales</b>	<b>\$622.3</b>	<b>\$654.5</b>	<b>-4.9%</b>
<b>Reported Segment Profit</b>	<b>\$83.5</b>	<b>\$87.9</b>	<b>-5.0%</b>
<i>Reported Segment Margin</i>	<i>13.4%</i>	<i>13.4%</i>	-
<b>Adjusted Segment Profit <sup>(1)</sup></b>	<b>\$105.9</b>	<b>\$110.8</b>	<b>-4.4%</b>
<i>Adjusted Segment Margin</i>	<i>17.0%</i>	<i>16.9%</i>	<i>10 bps</i>

- 1Q sales declined 4.9% mainly due to softer sales in Asia Pacific and planned exit of ACE business
  - DIY growth in North America retail channel excluding ACE
- Adjusted segment profit decreased 4.4% to \$105.9 million, and adjusted segment margin increased 10 basis points to 17.0%

(1) Reconciliations from segment profit to adjusted segment profit provided in Appendix

▼LSD	▲LDD	▼DD	▼DD
North America	EMEA1	ASIA	AS/NZ

1Q-20 Actual (HSD/MSD/LSD = high, mid or low single digits. DD = double digits)



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# PERFORMANCE COATINGS GROUP



(\$ in millions)	1Q 2020	1Q 2019	Growth
<b>Sales</b>	<b>\$1,217.6</b>	<b>\$1,230.8</b>	<b>-1.1%</b>
<b>Reported Segment Profit</b>	<b>\$113.7</b>	<b>\$98.7</b>	<b>15.2%</b>
<i>Reported Segment Margin</i>	9.3%	8.0%	130 bps
<b>Adjusted Segment Profit<sup>(1)</sup></b>	<b>\$166.7</b>	<b>\$152.8</b>	<b>9.1%</b>
<i>Adjusted Segment Margin</i>	13.7%	12.4%	130 bps

- Sales decreased 1.1% (-2.2% impact from FX)
  - Coil Coatings and Packaging remained strong
  - Industrial Wood, General Industrial and Automotive Refinish soft
  - Growth up less than 1% in North America, Latin America and Europe, offset by low double-digit sales decrease in Asia Pacific, mainly related to COVID-19
- Adjusted segment profit increased 9.1% to \$166.7 million, and adjusted segment margin increased 130 basis points to 13.7%

(1) Reconciliations from segment profit to adjusted segment profit provided in Appendix

-LSD	+DD	-MSD	-HSD	+HSD
AUTO REFINISH	COIL	GENERAL INDUSTRIAL	INDUSTRIAL WOOD	PACKAGING

1Q-20 Actual (HSD/MSD/LSD = high, mid or low single digits. DD = double digits)

## SECOND QUARTER 2020

- Anticipate negative impact of COVID-19 will most likely continue through 2Q
- Consolidated sales: decrease low to mid-teens percentage year-over-year
  - **TAG:** Down low-double-digits to mid-teens
  - **CBG:** Up high-single-digits to low-double-digits
  - **PCG:** Down high-teens

## FULL YEAR 2020

### Sales

- Flat to down low-single-digits year-over-year *(if economic conditions improve beginning in 3Q and continue into 4Q)*
- Down mid to high-single-digits year-over-year *(if economic conditions do not improve until 1Q 2021)*

### Segments

- **TAG:** Flat to down mid-single-digits
- **CBG:** Up or down by low-single-digits
- **PCG:** Down high-single to low-double-digits

### GAAP Earnings Per Share: \$16.46-\$18.46

- Includes acquisition-related amortization expense of approximately \$2.54 per share
- Adjusted earnings per share: \$19.00-\$21.00

**Raw materials:** down low-single-digits

**Capital expenditures:** \$180 million

**Interest expense:** \$350 million

**Depreciation** (\$270 million) and **amortization** (\$310 million)

**Tax rate:** low twenties percent

## COST SAVINGS

- Multi-phased approach depending on severity of economic impact
- Hiring freeze for non-sales and field personnel
- Restricted travel and entertainment
- Pausing of selected programs
- MRO spending reductions
- Control 3<sup>rd</sup> party contractor spending
- Reduction of discretionary G&A expense

## CASH CONSERVATION

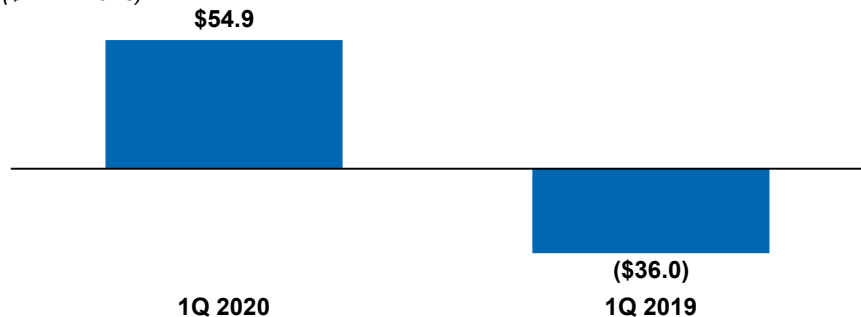
- Aggressive focus on working capital
  - Maintaining diligence on AR collections
  - Managing inventory appropriately with demand
  - Monitoring AP receipts and will adjust as necessary
- Share repurchases on hold
- Reducing capital expenditures by \$140 million
- Paused spending on new headquarters and R&D project

# Strong Financial Position

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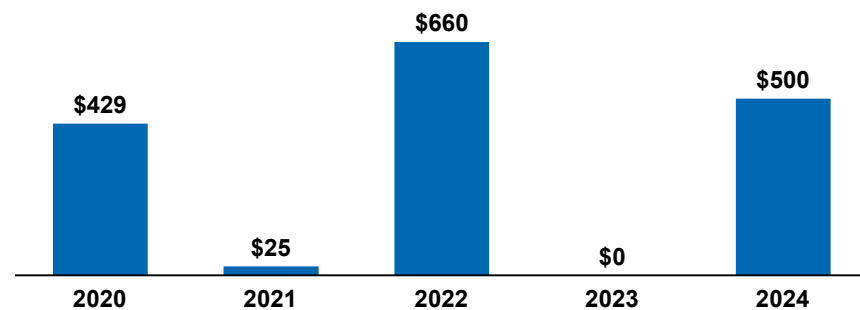
## Operating Cash Flow

(\$ in millions)



## Near Term Debt Maturities<sup>(1)</sup>

(\$ in millions)



## Cash & Liquidity Position

(\$ in millions)

1Q 2020

<b>Cash</b>	\$238.5
<b><u>Liquidity</u></b>	
Total Credit Facilities	\$3,500.0
(Less Amount Utilized)	(\$992.9)
<b>Net Credit Available</b>	<b>\$2,507.1</b>

## Selected Financial Ratios

1Q 2020

Total Debt / TTM EBITDA	3.3x
Total Debt / TTM Adj EBITDA	3.1x



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# APPENDIX

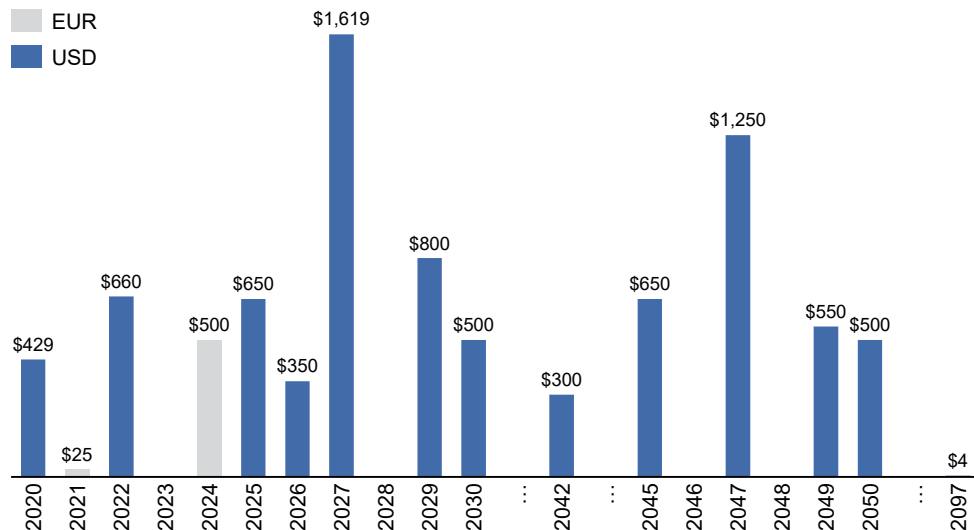


# Debt Summary

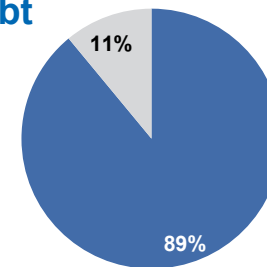
(AS OF MARCH 31, 2020)

		Q1 2020	
		Balance	Int. Rate
<b>Short-Term:</b>			
Domestic		992.9	2.66%
Non-Domestic:		58.6	3.97%
<b>Short-Term:</b>		<b>1,051.5</b>	<b>2.73%</b>
<b>Long-Term:</b>			
3-year, 2.25% notes due	2020	428.9	2.25%
4-year EUR, .92% notes due	2021	22.1	0.92%
5-year, 2.75% notes due	2022	260.2	2.75%
10-year, 4.20% notes due	2022	400.0	4.20%
7-year, 3.125% notes due <sup>(2)</sup>	2024	500.0	1.39%
10-year, 3.30% notes due	2025	250.0	3.30%
10-year, 3.45% notes due	2025	400.0	3.45%
10-year, 3.95% notes due	2026	350.0	3.95%
10-year, 3.45% notes due	2027	1,500.0	3.45%
30-year, 7.375% notes due	2027	119.4	7.38%
10-year, 2.95% notes due	2029	800.0	2.95%
10-year, 2.30% notes due	2030	500.0	2.30%
30-year, 4.00% notes due	2042	300.0	4.00%
30-year, 4.40% notes due	2045	250.0	4.40%
30-year, 4.55% notes due	2045	400.0	4.55%
30-year, 4.50% notes due	2047	1,250.0	4.50%
30-year, 3.80% notes due	2049	550.0	3.80%
30-year, 3.30% notes due	2050	500.0	3.30%
100-year, 7.45% notes due	2097	3.5	7.45%
Promissory Notes	Various	2.4	2.65%
Other <sup>(1)</sup>		(67.7)	0.00%
<b>Total LT Debt</b>		<b>8,718.7</b>	<b>3.53%</b>
<b>Total Debt</b>		<b>9,770.2</b>	<b>3.44%</b>

## Maturities of Long-Term Debt



## Fixed vs. Floating Rate Debt



(1) "Other" long-term debt is comprised of unamortized premiums, discounts and issuance costs

(2) Debt swapped to EUR fixed rate interest in Q1 2020



# Adjustments to Segment Profit

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(\$ in millions)	Three Months Ended March 31, 2020				
	The Americas Group	Consumer Brands Group	Performance Coatings Group	Admin	Consolidated
Net external sales	\$ 2,305.5	\$ 622.3	\$ 1,217.6	\$ 1.3	\$ 4,146.7
Segment profit (as reported)	\$ 388.3	\$ 83.5	\$ 113.7	\$ (193.2)	\$ 392.3
% of sales (as reported)	16.8%	13.4%	9.3%	NM	9.5%
<u>Other adjustments</u>					
Pension plan settlement expense	-	-	-	-	-
Total other adjustments	\$ -	\$ -	\$ -	\$ -	\$ -
<u>Acquisition-related costs</u>					
Integration costs <sup>(1)</sup>	-	-	-	-	-
Acquisition-related amortization <sup>(2)</sup>	-	22.4	53.0	0.2	75.6
Total acquisition-related costs	\$ -	\$ 22.4	\$ 53.0	\$ 0.2	\$ 75.6
Segment Profit (Adjusted)	\$ 388.3	\$ 105.9	\$ 166.7	\$ (193.0)	\$ 467.9
% of sales (as adjusted)	16.8%	17.0%	13.7%	NM	11.3%

(1) Integration costs consist primarily of professional service expenses, salaries and other employee-related expenses dedicated directly to the integration effort, and severance expense. These costs are included in Selling, general and administrative and other expenses and Cost of goods sold.

(2) Acquisition-related amortization expense consists primarily of the amortization of intangible assets related to the Valspar acquisition.

# Adjustments to Segment Profit

SHERWIN-WILLIAMS®

(\$ in millions)	Three Months Ended March 31, 2019				
	The Americas Group	Consumer Brands Group	Performance Coatings Group	Admin	Consolidated
Net external sales	\$ 2,154.9	\$ 654.5	\$ 1,230.8	\$ 0.7	\$ 4,040.9
Segment profit (as reported)	\$ 331.1	\$ 87.9	\$ 98.7	\$ (218.8)	\$ 298.9
% of sales (as reported)	15.4%	13.4%	8.0%	NM	7.4%
<u>Other adjustments</u>					
Pension plan settlement expense	-	-	-	32.4	32.4
Total other adjustments	\$ -	\$ -	\$ -	\$ 32.4	\$ 32.4
<u>Acquisition-related costs</u>					
Integration costs <sup>(1)</sup>	-	-	-	9.3	9.3
Acquisition-related amortization <sup>(2)</sup>	-	22.9	54.1	-	77.0
Total acquisition-related costs	\$ -	\$ 22.9	\$ 54.1	\$ 9.3	\$ 86.3
Segment Profit (Adjusted)	\$ 331.1	\$ 110.8	\$ 152.8	\$ (177.1)	\$ 417.6
% of sales (as adjusted)	15.4%	16.9%	12.4%	NM	10.3%

(1) Integration costs consist primarily of professional service expenses, salaries and other employee-related expenses dedicated directly to the integration effort, and severance expense. These costs are included in Selling, general and administrative and other expenses and Cost of goods sold.

(2) Acquisition-related amortization expense consists primarily of the amortization of intangible assets related to the Valspar acquisition.

# Regulation G Reconciliation

## ADJUSTED EPS

SHERWIN-WILLIAMS®

	Three Months Ended March 31, 2020			Three Months Ended March 31, 2019		
	Pre-Tax	Tax Effect <sup>(1)</sup>	After-Tax	Pre-Tax	Tax Effect <sup>(1)</sup>	After-Tax
Diluted net income per share			\$ 3.46			\$ 2.62
Pension plan settlement expense	-	-	-	0.35	0.08	0.27
Total other adjustments	\$ -	\$ -	\$ -	\$ 0.35	\$ 0.08	\$ 0.27
Integration costs <sup>(3)</sup>	-	-	-	0.10	0.02	0.08
Acquisition-related amortization expense <sup>(2)</sup>	0.81	0.19	0.62	0.82	0.19	0.63
Total acquisition-related costs	\$ 0.81	\$ 0.19	\$ 0.62	\$ 0.92	\$ 0.21	\$ 0.71
Adjusted diluted net income per share			\$ 4.08			\$ 3.60

(1) The tax effect is calculated based on the statutory rate and the nature of the item, unless otherwise noted.

(2) Acquisition-related amortization expense consists primarily of the amortization of intangible assets related to the Valspar acquisition and is included in Amortization.

(3) Integration costs consist primarily of professional service expenses, salaries and other employee-related expenses dedicated directly to the integration effort, and severance expense. These costs are included in Selling, general and administrative and other expenses and Cost of goods sold.

# Regulation G Reconciliation

## ADJUSTED EBITDA

SHERWIN-WILLIAMS®

<i>(\$ in millions)</i>	Three Months Ended March 31, 2020		Three Months Ended March 31, 2019	
Net income	\$	321.7	\$	245.2
Interest expense		86.2		91.0
Income taxes		70.6		53.7
Depreciation		66.5		64.7
Amortization		78.1		78.8
EBITDA	\$	623.1	\$	533.4
Pension plan settlement		-		32.4
Integration costs <sup>(1)</sup>		-		9.3
Adjusted EBITDA	\$	623.1	\$	575.1
% to net sales:				
EBITDA		15.0%		13.2%
Adjusted EBITDA		15.0%		14.2%
Net sales for EBITDA % calculation	\$	4,146.7	\$	4,040.9

(1) Integration costs consist primarily of professional service expenses, salaries and other employee-related expenses dedicated directly to the integration effort, and severance expense. These costs are included in Selling, general and administrative and other expenses and Cost of goods sold.