



SHERWIN-WILLIAMS®



3Q 2020 RESULTS & 2020 OUTLOOK

OCTOBER 27, 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.

3Q 2020 Financial Performance Highlights

SHERWIN-WILLIAMS®

(\$ in millions, except per share data)	3Q 2020	3Q 2019	Change
Sales	\$5,122.2	\$4,867.7	5.2%
Gross Profit	\$2,455.3	\$2,225.6	10.3%
<i>Gross Margin</i>	<i>47.9%</i>	<i>45.7%</i>	<i>220 bps</i>
Reported EPS	\$7.66	\$6.16	24.4%
Adjusted EPS⁽¹⁾	\$8.29	\$6.65	24.7%
Net Operating Cash	\$1,489.2	\$903.4	64.8%

- Sales increased 5.2%, slightly above updated guidance; strong growth in DIY, residential repaint and new residential; growth in majority of industrial businesses
- 220 basis point improvement in gross margin driven by sales growth, favorable mix and lower input costs
- SG&A as % of sales down at 27.5% – continued strategic investments to support long-term growth
- Adjusted EPS⁽¹⁾ increased 24.7% to \$8.29/share, vs. \$6.65/share in prior year
- Adjusted EBITDA⁽²⁾ increased \$185.7 million to \$1.1 billion, or 21.6% of sales
- Net operating cash improved \$585.8 million, or 64.8%

(1) Reconciliation from reported EPS to adjusted EPS provided in Appendix

(2) Reconciliation from reported EBITDA to adjusted EBITDA provided in Appendix







SHERWIN-WILLIAMS®

THE AMERICAS GROUP



(\$ in millions)	3Q 2020	3Q 2019	Change
Sales	\$2,978.3	\$2,898.2	2.8%
Segment Profit	\$747.4	\$663.6	12.6%
<i>Segment Margin</i>	<i>25.1%</i>	<i>22.9%</i>	<i>220 bps</i>

- Same store sales increased 3.1%
- Strong growth in residential repaint, DIY and new residential
- Continued strength in exterior paint; return to strong growth in interior paint and spray equipment
- Largest percent growth in Canada division, followed by Mid Western, South Eastern and South Western divisions; Eastern flattish
- Sequential sales improvement from 2Q in all regions and segments
- Segment profit increased 12.6% to \$747.4 million, and segment margin increased 220 basis points to 25.1%

 +DD	 -LSD	 -MSD	 +MSD	 +DD	 -DD
Res Repaint	Commercial	Property Maintenance	New Residential	DIY	Protective & Marine

3Q-20 Actual (HSD/MSD/LSD = high, mid or low single digit %. DD = double digit %)

SHERWIN-WILLIAMS®

CONSUMER BRANDS GROUP



(\$ in millions)	3Q 2020	3Q 2019	Change
Sales	\$838.1	\$678.4	23.5%
Reported Segment Profit	\$198.3	\$114.9	72.6%
<i>Reported Segment Margin</i>	<i>23.7%</i>	<i>16.9%</i>	<i>680 bps</i>
Adjusted Segment Profit ⁽¹⁾	\$221.0	\$137.5	60.7%
<i>Adjusted Segment Margin</i>	<i>26.4%</i>	<i>20.3%</i>	<i>610 bps</i>

- Sales increased 23.5% driven by strong North American DIY demand throughout the entire quarter
- Strong growth across entire retail channel and in all regions
- Adjusted segment profit increased to \$221.0 million, and adjusted segment margin increased to 26.4%
 - Margin improvement driven by volume leverage, favorable product mix and lower input costs, as well as actions taken over the past year to improve international operating margins

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

▲ +DD	▲ +DD	▲ +MSD	▲ +DD
NORTH AMERICA	EMEA	ASIA	AUS/NZ

3Q-20 Actual (HSD/MSD/LSD = high, mid or low single digit %. DD = double digit %)

SHERWIN-WILLIAMS®

PERFORMANCE COATINGS GROUP



(\$ in millions)	3Q 2020	3Q 2019	Change
Sales	\$1,305.3	\$1,290.2	1.2%
Reported Segment Profit	\$155.3	\$137.5	12.9%
<i>Reported Segment Margin</i>	<i>11.9%</i>	<i>10.7%</i>	<i>120 bps</i>
Adjusted Segment Profit ⁽¹⁾	\$208.8	\$191.9	8.8%
<i>Adjusted Segment Margin</i>	<i>16.0%</i>	<i>14.9%</i>	<i>110 bps</i>

- Sales increased 1.2% (including -1.4% from FX); YoY improvement in majority of divisions and regions
 - Asia +HSD, Europe and Latin America +LSD, North America -LSD
 - Packaging remained strongest performer
 - Industrial Wood, Coil and Automotive Refinish returned to growth
 - General Industrial gained momentum, positive in some regions
- Sequential sales improvement from 2Q in all regions
- Adjusted segment profit increased to \$208.8 million, and adjusted segment margin increased to 16.0%

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

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

3Q-20 Actual (HSD/MSD/LSD = high, mid or low single digit %. DD = double digit %)

FOURTH QUARTER 2020

- Consolidated sales: up 3% to 7% year-over-year
- **TAG:** up 4% to 6%
- **CBG:** Up mid-to-high teens percentage
- **PCG:** Up or down a low-single-digit percentage

FULL YEAR 2020

Sales

- Increase by a low-single-digit percentage year-over-year

Segments

- **TAG:** Up low-single-digits
- **CBG:** Up mid-teens
- **PCG:** Down low to mid-single-digits

GAAP Earnings Per Share: \$21.49-\$21.79

- Includes acquisition-related amortization expense of approximately \$2.51 per share
- Adjusted earnings per share: \$24.00-\$24.30

Raw materials: down mid-single-digits

Capital expenditures: \$280 million

Interest expense: approximately \$350 million

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

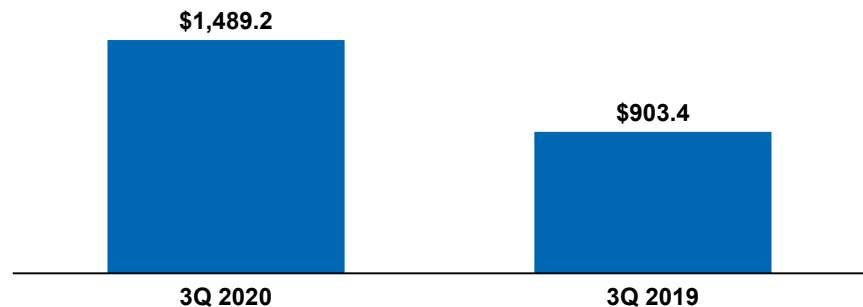
Tax rate: slightly below 20%

Strong Financial Position

SHERWIN-WILLIAMS®

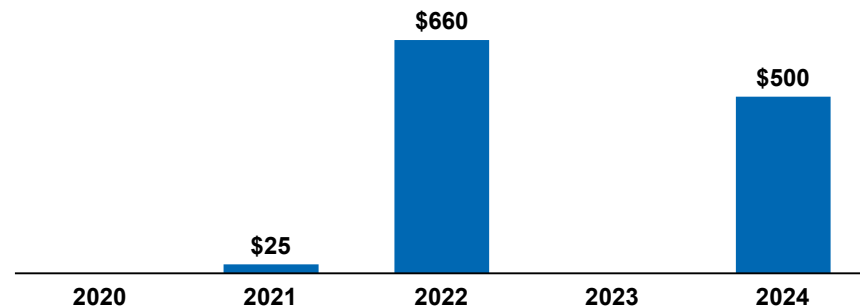
Operating Cash Flow

(\$ in millions)



Near Term Debt Maturities⁽¹⁾

(\$ in millions)



Cash & Liquidity Position

(\$ in millions)

9/30/2020

Cash	\$619.9
<u>Liquidity</u>	
Total Credit Facilities	\$3,500.0
(Less Amount Utilized)	-
Net Credit Available	\$3,500.0

Selected Financial Ratios

9/30/2020

Total Debt / TTM EBITDA	2.5x
Total Debt / TTM Adj EBITDA	2.5x



SHERWIN-WILLIAMS®



APPENDIX

Debt Summary

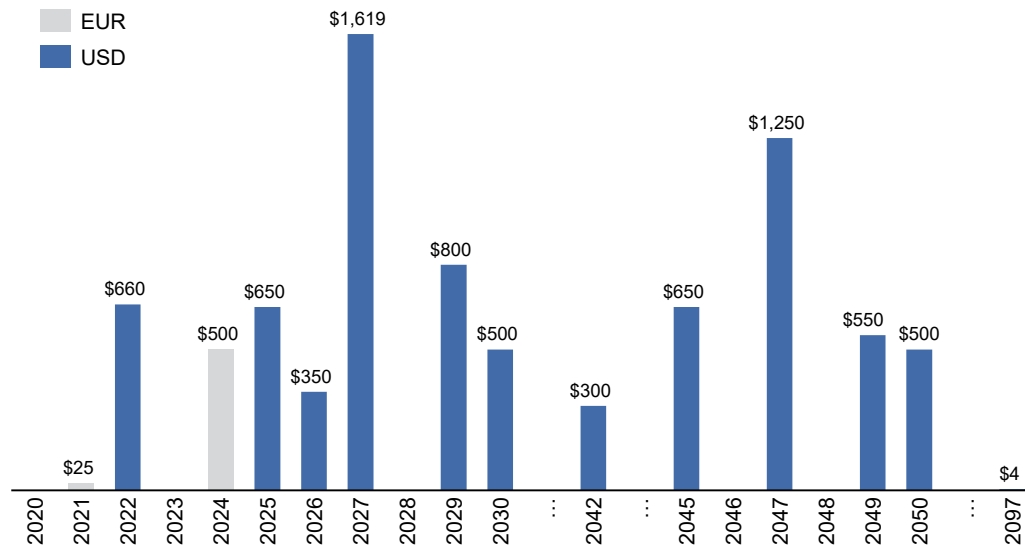
(as of September 30, 2020)

		Q3 2020	
		Balance	Int. Rate
Short-Term:			
Domestic		-	0.00%
Non-Domestic:		0.2	1.27%
Short-Term:		0.2	1.27%
Long-Term:			
4-year EUR, .92% notes due	2021	23.4	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 ⁽¹⁾	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	2.3	2.73%
Other ⁽²⁾		(67.8)	0.00%
Total LT Debt		8,291.0	3.56%
Total Debt		8,291.2	3.56%

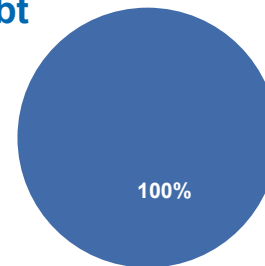
(1) Debt swapped to EUR fixed rate interest in Q1 2020

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

Maturities of Long-Term Debt



Fixed vs. Floating Rate Debt



Adjustments to Segment Profit

SHERWIN-WILLIAMS®

(\$ in millions)	Three Months Ended September 30, 2020					Three Months Ended September 30, 2019				
	The Americas Group	Consumer Brands Group	Performance Coatings Group	Admin	Consolidated	The Americas Group	Consumer Brands Group	Performance Coatings Group	Admin	Consolidated
Net external sales	\$ 2,978.3	\$ 838.1	\$ 1,305.3	\$ 0.5	\$ 5,122.2	\$ 2,898.2	\$ 678.4	\$ 1,290.2	\$ 0.9	\$ 4,867.7
Segment profit (as reported)	\$ 747.4	\$ 198.3	\$ 155.3	\$ (225.4)	\$ 875.6	\$ 663.6	\$ 114.9	\$ 137.5	\$ (206.2)	\$ 709.8
% of sales (as reported)	25.1%	23.7%	11.9%	NM	17.1%	22.9%	16.9%	10.7%	NM	14.6%
<u>Other adjustments</u>										
California litigation expense provision reduction	-	-	-	-	\$ -	-	-	-	(34.7)	\$ (34.7)
Total other adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (34.7)	\$ (34.7)
<u>Acquisition-related costs</u>										
Integration costs ⁽¹⁾	-	-	-	-	\$ -	-	-	-	16.0	\$ 16.0
Acquisition-related amortization ⁽²⁾	-	22.7	53.5	0.2	\$ 76.4	-	22.6	54.4	0.3	\$ 77.3
Total acquisition-related costs	\$ -	\$ 22.7	\$ 53.5	\$ 0.2	\$ 76.4	\$ -	\$ 22.6	\$ 54.4	\$ 16.3	\$ 93.3
Segment Profit (Adjusted)	\$ 747.4	\$ 221.0	\$ 208.8	\$ (225.2)	\$ 952.0	\$ 663.6	\$ 137.5	\$ 191.9	\$ (224.6)	\$ 768.4
% of sales (as adjusted)	25.1%	26.4%	16.0%	NM	18.6%	22.9%	20.3%	14.9%	NM	15.8%

(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 September 30, 2020			Three Months Ended September 30, 2019		
	Pre-Tax	Tax Effect ⁽¹⁾	After-Tax	Pre-Tax	Tax Effect ⁽¹⁾	After-Tax
Diluted net income per share			\$ 7.66			\$ 6.16
California litigation expense provision reduction	-	-	-	(0.37)	(0.09)	(0.28)
Total other adjustments	\$ -	\$ -	\$ -	\$ (0.37)	\$ (0.09)	\$ (0.28)
Integration costs ⁽²⁾	-	-	-	0.17	0.03	0.14
Acquisition-related amortization expense ⁽³⁾	0.83	0.20	0.63	0.82	0.19	0.63
Total acquisition-related costs	\$ 0.83	\$ 0.20	\$ 0.63	\$ 0.99	\$ 0.22	\$ 0.77
Adjusted diluted net income per share			\$ 8.29			\$ 6.65

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

(2) 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.

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

Regulation G Reconciliation

Adjusted EBITDA

SHERWIN-WILLIAMS®

<i>(\$ in millions)</i>	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019
Net income	\$ 705.8	\$ 576.5
Interest expense	83.3	85.3
Income taxes	169.8	133.3
Depreciation	67.4	65.3
Amortization	78.7	77.5
EBITDA	<u>\$ 1,105.0</u>	<u>\$ 937.9</u>
California litigation expense provision	-	(34.7)
Integration costs ⁽¹⁾	-	16.1
Adjusted EBITDA	<u>\$ 1,105.0</u>	<u>\$ 919.3</u>
% to net sales:		
EBITDA	21.6%	19.3%
Adjusted EBITDA	21.6%	18.9%
Net sales for EBITDA % calculation	\$ 5,122.2	\$ 4,867.7

(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.