



SHERWIN-WILLIAMS®



2Q 2021 RESULTS & 2021 OUTLOOK

JULY 27, 2021

Forward-Looking Statement

This presentation contains certain "forward-looking statements," as defined under U.S. federal securities laws. These statements can be identified by the use of forward-looking terminology such as "believe," "expect," "may," "will," "should," "project," "could," "plan," "goal," "target," "potential," "seek," "intend," "aspire" or "anticipate" or the negative thereof or comparable terminology. These forward-looking statements are based upon management's current expectations, predictions, estimates, assumptions and beliefs concerning future events and conditions. Readers and attendees 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, performance 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.

2Q 2021 Financial Performance Highlights

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(\$ in millions, except per share data)	2Q 2021	2Q 2020	2Q 2019	% Change	
				'21 vs. '20	'21 vs. '19
Sales	\$5,379.8	\$4,604.0	\$4,877.8	16.9%	10.3%
Gross Profit	\$2,411.4	\$2,208.9	\$2,181.4	9.2%	10.5%
<i>Gross Margin</i>	<i>44.8%</i>	<i>48.0%</i>	<i>44.7%</i>	<i>-320 bps</i>	<i>+10 bps</i>
Reported EPS	\$2.42	\$2.16	\$1.68	12.0%	44.0%
Adjusted EPS⁽¹⁾	\$2.65	\$2.37	\$2.19	11.8%	21.0%
Net Operating Cash	\$1,005.6	\$1,019.7	\$794.0	-1.4%	26.6%

- Sales increased 16.9%, driven by strong architectural demand in The Americas Group and across our industrial end markets
- 320 bps decline in gross margin due to raw material cost inflation and return to more normal mix
- Implementing pricing actions to offset higher industry wide raw material costs
- SG&A as % of sales down 130 basis points – good cost control while continuing strategic long-term investments
- Adjusted EPS⁽¹⁾ increased 11.8% to \$2.65/share vs. \$2.37/share
- EBITDA increased to \$1.05 billion, or 19.5% of sales
- Generated strong net operating cash of over \$1 billion

Note: All comparisons are to the second quarter of the prior year, unless otherwise noted
 (1) Reconciliation from reported EPS to adjusted EPS provided in Appendix

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THE AMERICAS GROUP



(\$ in millions)	2Q 2021	2Q 2020	2Q 2019	% Change	
				'21 vs. '20	'21 vs. '19
Sales	\$3,093.4	\$2,523.7	\$2,756.0	22.6%	12.2%
Segment Profit	\$727.3	\$599.7	\$612.4	21.3%	18.8%
<i>Segment Margin</i>	<i>23.5%</i>	<i>23.8%</i>	<i>22.2%</i>	<i>-30 bps</i>	<i>+130 bps</i>

- Same store sales increased 19.3%
- Strong double-digit growth across all pro architectural end markets
- DIY sales down double-digits, driven by difficult prior year comparison as consumer demand returned to more normal levels
- Double digit growth in interior paint, exterior paint and spray equipment
- Largest percentage growth in Canada division, followed by Eastern, South Eastern, South Western and Mid Western divisions
- Announced 7% price increase effective August 1
- Segment profit increased 21.3% to \$727.3 million, and segment margin decreased 30 basis points to 23.5%

Note: All comparisons are to the second quarter of the prior year, unless otherwise noted

▲ +DD	▲ +DD	▲ +DD	▲ +DD	▼ -DD	▲ +DD
Res Repaint	New Residential	Commercial	Property Maintenance	DIY	Protective & Marine

2Q-21 vs. 2Q-20 (HSD/MSD/LSD = high, mid or low single digit %. DD = double digit %)

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CONSUMER BRANDS GROUP



(\$ in millions)	2Q 2021	2Q 2020	2Q 2019	% Change	
				'21 vs. '20	'21 vs. '19
Sales	\$731.5	\$980.2	\$804.5	-25.4%	-9.1%
Reported Segment Profit	\$122.8	\$237.4	\$140.7	-48.3%	-12.7%
<i>Reported Segment Margin</i>	16.8%	24.2%	17.5%	-740 bps	-70 bps
Adjusted Segment Profit ⁽¹⁾	\$144.1	\$259.8	\$163.2	-44.5%	-11.7%
<i>Adjusted Segment Margin</i>	19.7%	26.5%	20.3%	-680 bps	-60 bps

- Sales decreased 25.4% driven by difficult prior year comparison, normalizing DIY demand, and WattyI divestiture
- Adjusted segment profit decreased to \$144.1 million, and adjusted segment margin decreased to 19.7%
- Solid double-digit growth in Europe and Asia
- Pricing actions being implemented to offset raw material inflation

Note: All comparisons are to the second quarter of the prior year, unless otherwise noted
 (1) Reconciliations from segment profit to adjusted segment profit provided in Appendix

-DD	+DD	+DD
NORTH AMERICA	EMEAI	ASIA

2Q-21 vs. 2Q-20 (HSD/MSD/LSD = high, mid or low single digit %. DD = double digit %)

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PERFORMANCE COATINGS GROUP



(\$ in millions)	2Q 2021	2Q 2020	2Q 2019	% Change	
				'21 vs. '20	'21 vs. '19
Sales	\$1,554.5	\$1,099.8	\$1,317.0	41.3%	18.0%
Reported Segment Profit	\$144.8	\$97.4	\$150.3	48.7%	-3.7%
<i>Reported Segment Margin</i>	9.3%	8.9%	11.4%	+40 bps	-210 bps
Adjusted Segment Profit⁽¹⁾	\$201.4	\$150.1	\$204.2	34.2%	-1.4%
<i>Adjusted Segment Margin</i>	13.0%	13.6%	15.5%	-60 bps	-250 bps

- Sales increased 41.3% with strong double-digit growth in all divisions and regions
- Strongest growth in Europe, followed by Latin America, Asia and North America
- Industrial Wood and General Industrial highest year-over-year increases
- Auto Refinish strong though miles driven remain below pre-pandemic levels
- Coil and Packaging strength continues
- Adjusted segment profit increased to \$201.4 million, and adjusted segment margin decreased to 13.0%
- Pricing actions being implemented to offset raw material inflation

Note: All comparisons are to the second quarter of the prior year, unless otherwise noted

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

▲ +DD	▲ +DD	▲ +DD	▲ +DD	▲ +DD
AUTO REFINISH	COIL	GENERAL INDUSTRIAL	INDUSTRIAL WOOD	PACKAGING

2Q-21 vs. 2Q-20 (HSD/MSD/LSD = high, mid or low single digit %. DD = double digit %)

THIRD QUARTER 2021

- Consolidated sales: up mid to high-single-digits percentage
 - **TAG:** up mid to high-single-digits percentage
 - Pro sales at or above high end of range;
DIY returning to more historic level
 - **CBG:** down mid to high-teens percentage
 - Includes negative 5% related to WattyI divestiture
 - **PCG:** up high-teens to low-twenties percentage

FULL YEAR 2021

Sales

- Increase by high-single-digit to low-double-digit percentage
- Segments
 - **TAG:** up low-double-digits to mid-teens percentage
 - **CBG:** down mid to high-single-digits percentage
 - Includes negative 4% related to WattyI divestiture
 - **PCG:** up low-twenties percentage

GAAP Earnings Per Share: \$8.01-\$8.31

- Includes acquisition-related amortization expense of approximately \$0.80 per share and a loss on the WattyI divestiture of \$0.34 per share
- Adjusted earnings per share: \$9.15-\$9.45

Raw materials: up mid-teens percentage

Capital expenditures: \$370 million core plus \$100 million for new headquarters and R&D facilities

Interest expense: approximately \$340 million

Depreciation (~\$280 million) and **amortization** (~\$310 million)

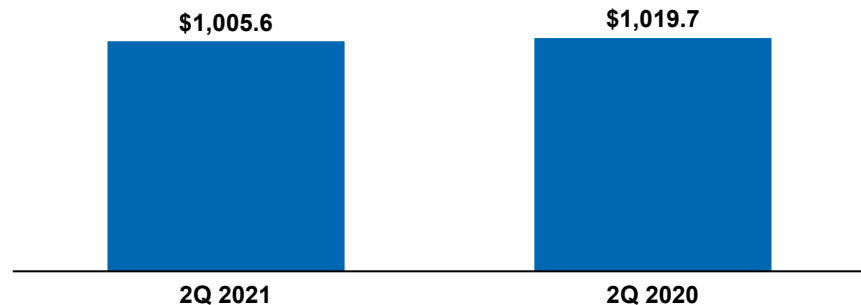
Tax rate: low 20s%

Strong Financial Position

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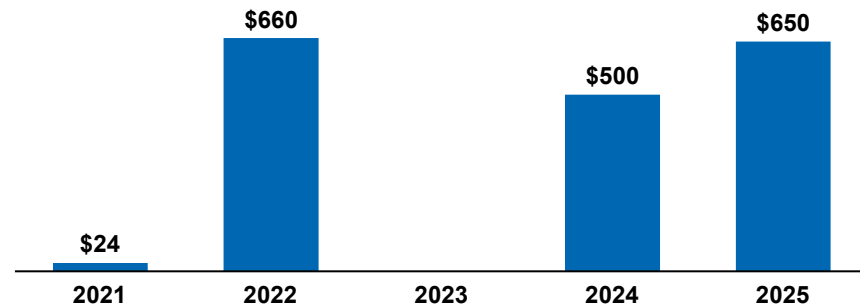
Operating Cash Flow

(\$ in millions)



Near Term Debt Maturities⁽¹⁾

(\$ in millions)



Cash & Liquidity Position

(\$ in millions)

6/30/2021

Cash	\$219.6
<u>Liquidity</u>	
Total Credit Facilities	\$3,500.0
(Less Amount Utilized)	(\$758.9)
Net Credit Available	\$2,741.1

Selected Financial Ratios

6/30/2021

Total Debt / TTM EBITDA	2.5x
Total Debt / TTM Adjusted EBITDA ⁽²⁾	2.4x

(1) Full debt maturity schedule provided in Appendix

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



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APPENDIX

Debt Summary

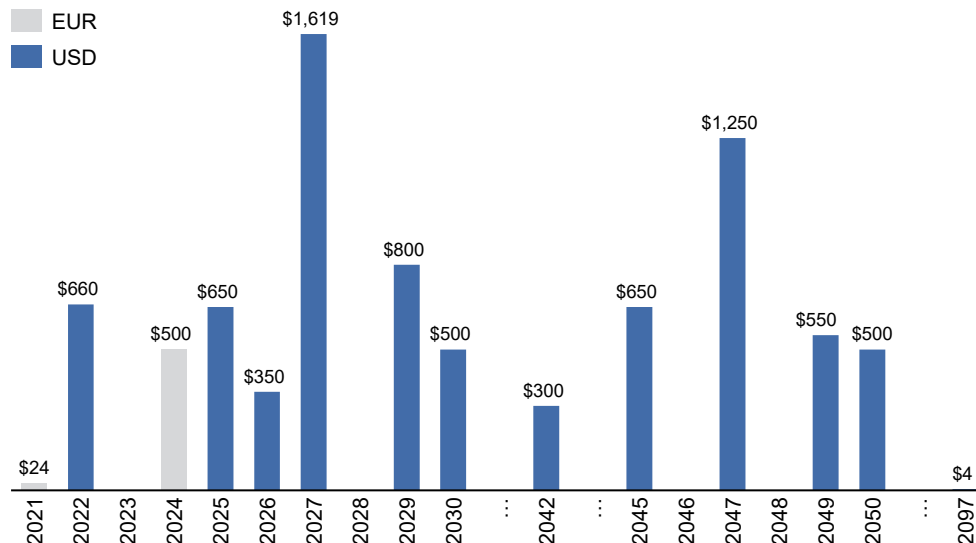
(as of June 30, 2021)

				Q2 2021	
				Balance	Int. Rate
Short-Term:					
Domestic			758.9	0.19%	
Non-Domestic:			3.2	3.99%	
Short-Term:				762.1	0.21%
Long-Term:					
4-year EUR, .92% notes due	2021		23.7	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		2.1	2.64%	
Other ⁽²⁾			(68.4)	0.00%	
Total LT Debt				8,290.5	3.56%
Total Debt				9,052.6	3.28%

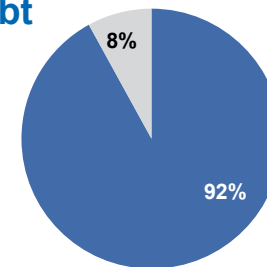
(1) Debt swapped to EUR fixed rate interest in Q1 2020

(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

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(\$ in millions)	Three Months Ended June 30, 2021					Three Months Ended June 30, 2020					Three Months Ended June 30, 2019				
	The Americas Group	Consumer Brands Group	Performance Coatings Group	Admin	Consolidated	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	\$ 3,093.4	\$ 731.5	\$ 1,554.5	\$ 0.4	\$ 5,379.8	\$ 2,523.7	\$ 980.2	\$ 1,099.8	\$ 0.3	\$ 4,604.0	\$ 2,756.0	\$ 804.5	\$ 1,317.0	\$ 0.3	\$ 4,877.8
Segment profit (as reported)	\$ 727.3	\$ 122.8	\$ 144.8	\$ (175.7)	\$ 819.2	\$ 599.7	\$ 237.4	\$ 97.4	\$ (187.1)	\$ 747.4	\$ 612.4	\$ 140.7	\$ 150.3	\$ (227.7)	\$ 675.7
% of sales (as reported)	23.5%	16.8%	9.3%	NM	15.2%	23.8%	24.2%	8.9%	NM	16.2%	22.2%	17.5%	11.4%	NM	13.9%
Acquisition-related costs															
Integration costs ⁽¹⁾	-	-	-	-	\$ -	-	-	-	-	\$ -	-	-	-	13.5	\$ 13.5
Acquisition-related amortization ⁽²⁾	-	21.3	56.6	0.1	\$ 78.0	-	22.4	52.7	-	\$ 75.1	-	22.5	53.9	0.5	\$ 76.9
Total acquisition-related costs	\$ -	\$ 21.3	\$ 56.6	\$ 0.1	\$ 78.0	\$ -	\$ 22.4	\$ 52.7	\$ -	\$ 75.1	\$ -	\$ 22.5	\$ 53.9	\$ 14.0	\$ 90.4
Segment Profit (Adjusted)	\$ 727.3	\$ 144.1	\$ 201.4	\$ (175.6)	\$ 897.2	\$ 599.7	\$ 259.8	\$ 150.1	\$ (187.1)	\$ 822.5	\$ 612.4	\$ 163.2	\$ 204.2	\$ (213.7)	\$ 766.1
% of sales (as adjusted)	23.5%	19.7%	13.0%	NM	16.7%	23.8%	26.5%	13.6%	NM	17.9%	22.2%	20.3%	15.5%	NM	15.7%

(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.

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

Regulation G Reconciliation

Adjusted EPS

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	Three Months Ended June 30, 2021			Three Months Ended June 30, 2020			Three Months Ended June 30, 2019		
	Pre-Tax	Tax Effect ⁽¹⁾	After- Tax	Pre-Tax	Tax Effect ⁽¹⁾	After- Tax	Pre-Tax	Tax Effect ⁽¹⁾	After- Tax
Diluted net income per share			\$ 2.42			\$ 2.16			\$ 1.68
Tax credit investment loss	-	-	-	-	-	-	-	(0.26)	0.26
Total other adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (0.26)	\$ 0.26
Integration costs ⁽²⁾	-	-	-	-	-	-	0.05	0.01	0.04
Acquisition-related amortization expense ⁽³⁾	0.29	0.06	0.23	0.27	0.06	0.21	0.27	0.06	0.21
Total acquisition-related costs	\$ 0.29	\$ 0.06	\$ 0.23	\$ 0.27	\$ 0.06	\$ 0.21	\$ 0.32	\$ 0.07	\$ 0.25
Adjusted diluted net income per share			\$ 2.65			\$ 2.37			\$ 2.19

(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

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<i>(\$ in millions)</i>	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Three Months Ended June 30, 2019
Net income	\$ 648.6	\$ 595.9	\$ 471.0
Interest expense	83.5	88.1	89.2
Income taxes	170.6	151.5	204.7
Depreciation	71.0	66.1	65.0
Amortization	77.8	77.4	78.1
EBITDA	<u>\$ 1,051.5</u>	<u>\$ 979.0</u>	<u>\$ 908.0</u>
Integration costs ⁽¹⁾	-	-	13.5
Adjusted EBITDA	<u>\$ 1,051.5</u>	<u>\$ 979.0</u>	<u>\$ 921.5</u>
% to net sales:			
EBITDA	19.5%	21.3%	18.6%
Adjusted EBITDA	19.5%	21.3%	18.9%
Net sales for EBITDA % calculation	\$ 5,379.8	\$ 4,604.0	\$ 4,877.8

(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.