



SHERWIN-WILLIAMS.

4Q and Full Year 2021 Results

January 27, 2022

Forward-Looking Statements

This presentation may contain 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 current expectations, predictions, 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, 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.

2021 Full Year Financial Performance Highlights

(\$ in millions, except per share data)	2021	2020	2019	% Change	
				'21 vs. '20	'21 vs. '19
Sales	\$19,944.6	\$18,361.7	\$17,900.8	8.6%	11.4%
Gross Profit	\$8,542.7	\$8,682.6	\$8,036.1	-1.6%	6.3%
<i>Gross Margin</i>	<i>42.8%</i>	<i>47.3%</i>	<i>44.9%</i>	<i>-450 bps</i>	<i>-210 bps</i>
Reported EPS	\$6.98	\$7.36	\$5.50	-5.2%	26.9%
Adjusted EPS ⁽¹⁾	\$8.15	\$8.19	\$7.04	-0.5%	15.8%
Net Operating Cash	\$2,244.6	\$3,408.6	\$2,321.3	-34.1%	-3.3%

- Sales increased 8.6% driven by strength in professional architectural and industrial end markets
- Raw material availability issues negatively impacted sales by an estimated mid-single-digit percentage
- Significant decline in gross margin due to raw material cost inflation and industry-wide supply chain inefficiencies
- Significant pricing actions to mitigate industry-wide higher raw material costs
- SG&A as % of sales decreased – good cost control while continuing strategic growth investments
- Adjusted EPS⁽¹⁾ decreased 0.5% to \$8.15/share vs. \$8.19/share
- Generated net operating cash of \$2.24 billion – announced three acquisitions and purchased 10.1 million shares at an average price of \$273.18

4Q 2021 Financial Performance Highlights

(\$ in millions, except per share data)	4Q 2021	4Q 2020	4Q 2019	% Change	
				'21 vs. '20	'21 vs. '19
Sales	\$4,762.1	\$4,488.8	\$4,114.4	6.1%	15.7%
Gross Profit	\$1,879.7	\$2,128.7	\$1,894.0	-11.7%	-0.8%
<i>Gross Margin</i>	<i>39.5%</i>	<i>47.4%</i>	<i>46.0%</i>	<i>-790 bps</i>	<i>-650 bps</i>
Reported EPS	\$1.15	\$1.49	\$0.89	-22.8%	29.2%
Adjusted EPS ⁽¹⁾	\$1.34	\$1.70	\$1.42	-21.2%	-5.6%
Net Operating Cash	\$193.9	\$844.8	\$659.9	-77.0%	-70.6%

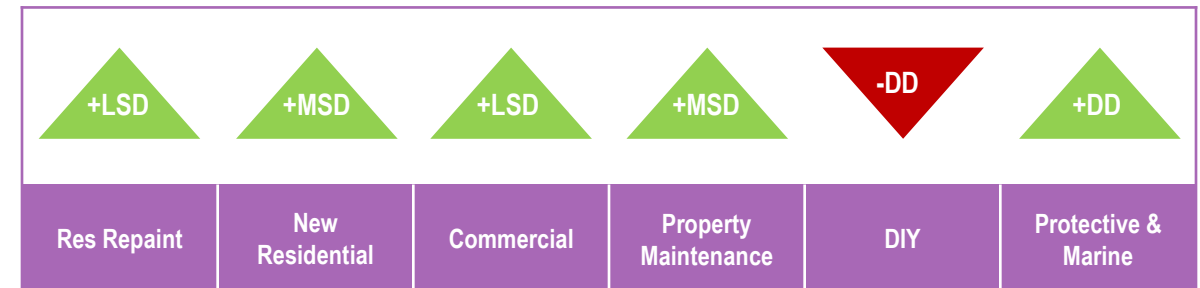
- Sales increased 6.1% – raw material availability issues negatively impacted sales by an estimated high-single-digit percentage
- Continued underlying demand strength in professional architectural and industrial end markets
- Significant decline in gross margin due to lower sales volume, raw material cost inflation and industry-wide supply chain inefficiencies
- Continued implementation of pricing actions to mitigate higher industry-wide raw material costs
- SG&A as % of sales decreased – good cost control with continued strategic growth investments
- Adjusted EPS⁽¹⁾ decreased 21.2% to \$1.34/share vs. \$1.70/share

The Americas Group

- Sales increased 3.0% including high-single-digit pricing; same store sales increased 1.0%
- Pro demand remains robust; projects delayed amid raw material availability and COVID related headwinds
- All pro customer segments delivered growth
- DIY sales decreased against difficult prior year comparisons and normalizing demand
- All regions grew led by Eastern division, followed by South Western, South Eastern, Canada and Mid Western divisions
- Announced 12% price increase effective February 1, 2022, to mitigate raw material inflation
- Segment profit decreased to \$400.3 million, and segment margin decreased to 15.1%
- **Full year** sales growth of 8.0% with 20.0% segment margin



(\$ in millions)	4Q 2021	4Q 2020	4Q 2019	% Change	
				'21 vs. '20	'21 vs. '19
Sales	\$2,653.5	\$2,575.7	\$2,362.8	3.0%	12.3%
Segment Profit	\$400.3	\$558.7	\$449.4	-28.4%	-10.9%
Segment Margin	15.1%	21.7%	19.0%	-660 bps	-390 bps



4Q-21 sales vs. 4Q-20 sales (HSD/MSD/LSD = high, mid or low single digit %. DD = double digit %)

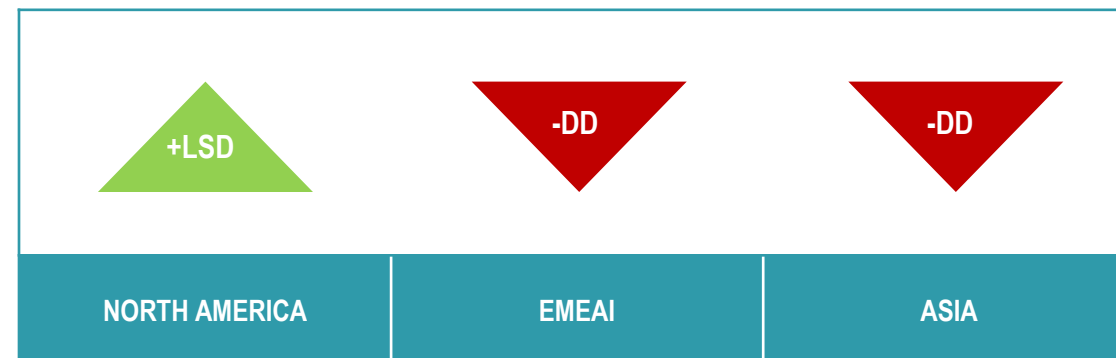
Note: All comparisons are to the fourth quarter of the prior year, unless otherwise noted

Consumer Brands Group

- Sales decreased 7.8% driven by difficult prior year comparisons, raw material availability issues and the Wattyl divestiture. High-single-digit price realization in the quarter.
- Sales flat excluding the impact of the Wattyl divestiture
- Adjusted segment profit decreased to \$35.4 million, and adjusted segment margin decreased to 6.3%, driven by lower volume, supply chain inefficiencies and cost inflation
- Continued pricing actions to mitigate raw material and other cost inflation
- Continued growth in Pros Who Paint category



(\$ in millions)	4Q 2021	4Q 2020	4Q 2019	% Change	
				'21 vs. '20	'21 vs. '19
Sales	\$565.3	\$612.8	\$539.4	-7.8%	4.8%
Reported Segment Profit	\$16.1	\$60.4	\$29.7	-73.3%	-45.8%
<i>Reported Segment Margin</i>	2.8%	9.9%	5.5%	-710 bps	-270 bps
Adjusted Segment Profit ⁽¹⁾	\$35.4	\$83.4	\$58.0	-57.6%	-39.0%
<i>Adjusted Segment Margin</i>	6.3%	13.6%	10.8%	-730 bps	-450 bps



4Q-21 sales vs. 4Q-20 sales (HSD/MSD/LSD = high, mid or low single digit %. DD = double digit %)

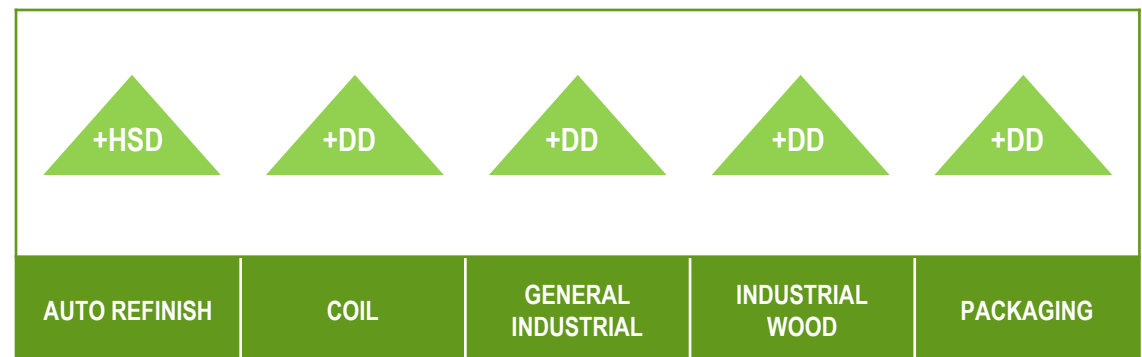
Note: All comparisons are to the fourth quarter of the prior year, unless otherwise noted
 (1) Reconciliation from segment profit to adjusted segment profit provided in Appendix

Performance Coatings Group

- Sales increased 18.7% including high-single-digit volume growth – double-digit growth in all regions and nearly all divisions
- Strongest growth in North America and Europe, followed by Latin America and Asia
- Packaging and Coil highest year-over-year increases and double-digit growth in every region
- General Industrial and Industrial Wood global growth continues in all regions
- Auto Refinish continues to recover led by strength in North America and Latin America
- Adjusted segment profit decreased to \$138.0 million, and adjusted segment margin decreased to 8.9% – declines driven by higher raw material costs
- Continued pricing actions across all businesses to mitigate raw material inflation
- **Full year** sales growth of 22.0% including double-digit volume growth



(\$ in millions)	4Q 2021	4Q 2020	4Q 2019	% Change	
				'21 vs. '20	'21 vs. '19
Sales	\$1,542.5	\$1,299.7	\$1,211.2	18.7%	27.4%
Reported Segment Profit	\$87.2	\$133.7	(\$7.4)	-34.8%	n/m
<i>Reported Segment Margin</i>	<i>5.7%</i>	<i>10.3%</i>	<i>-0.6%</i>	<i>-460 bps</i>	<i>+630 bps</i>
Adjusted Segment Profit⁽¹⁾	\$138.0	\$187.6	\$162.7	-26.4%	-15.2%
<i>Adjusted Segment Margin</i>	<i>8.9%</i>	<i>14.4%</i>	<i>13.4%</i>	<i>-550 bps</i>	<i>-450 bps</i>



4Q-21 sales vs. 4Q-20 sales (HSD/MSD/LSD = high, mid or low single digit %. DD = double digit %)

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

Guidance

First Quarter 2022

- Consolidated sales: up low to mid-single-digit percentage
 - **TAG:** up low to mid-single-digit percentage
 - **CBG:** down high-single to low-double-digit percentage
 - Includes negative 6% related to WattyI divestiture
 - **PCG:** up mid to high-teens percentage

Full Year 2022

Sales

- Increase by high-single to low-double-digit percentage

Segments

- **TAG:** up mid to high-single-digit percentage
- **CBG:** up low to mid-single-digit percentage
- **PCG:** up high-single to low-double-digit percentage

GAAP Earnings Per Share: \$8.40-\$8.80

- Includes acquisition-related amortization expense of \$0.85 per share
- Adjusted earnings per share: \$9.25-\$9.65

Raw materials: up low-double-digit to mid-teens percentage

Capital expenditures: \$865 million total, includes \$450 million for new HQ and R&D facilities

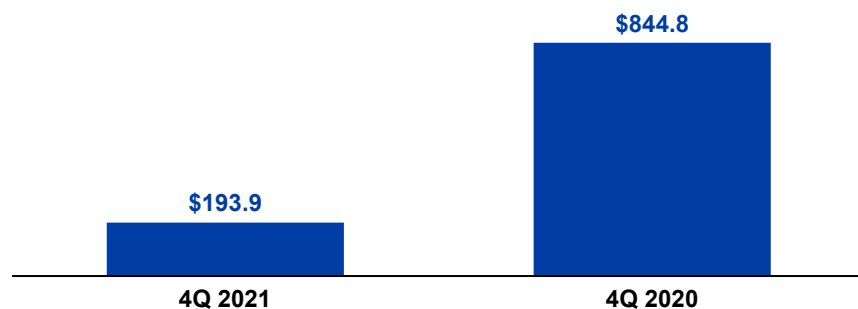
Interest expense: approximately \$330 million

Depreciation (~\$300 million) and **amortization** (~\$300 million)

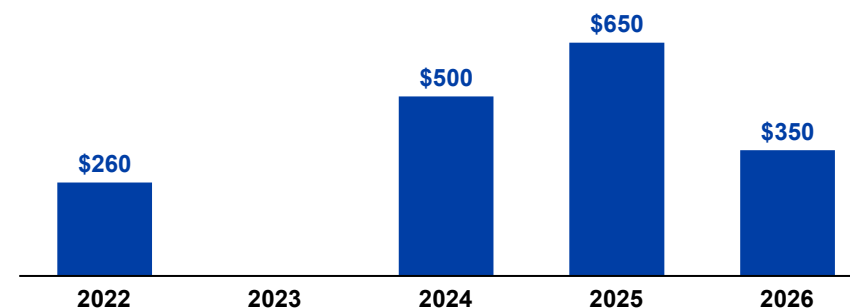
Tax rate: low 20s percent

Strong Financial Position

Operating Cash Flow (\$ in millions)



Near Term Debt Maturities ⁽¹⁾ (\$ in millions)



Cash & Liquidity Position (\$ in millions)

	12/31/2021
Cash	\$165.7
<u>Liquidity</u>	
Total Credit Facilities	\$3,500.0
<u>(Less Amount Utilized)</u>	<u>(\$774.9)</u>
Net Credit Available	\$2,725.1

Selected Financial Ratios

	12/31/2021
Total Debt / TTM EBITDA	3.0x
Total Debt / TTM Adjusted EBITDA ⁽²⁾	2.9x

(1) Full debt maturity schedule provided in Appendix
 (2) Reconciliation from reported EBITDA to adjusted EBITDA provided in Appendix

Appendix

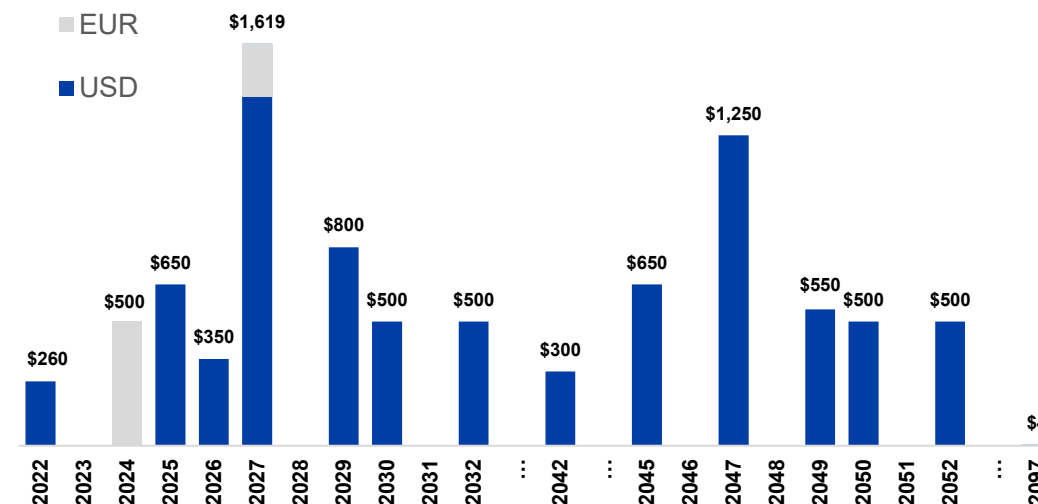
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Debt Summary (as of December 31, 2021)

	Q4 2021	
	Balance	Int. Rate
Short-Term:		
Domestic	739.9	0.26%
Non-Domestic	23.6	9.48%
Short-Term:	763.5	0.55%
Long-Term:		
5-year, 2.75% notes due 2022	260.2	2.75%
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 ⁽²⁾ 2027	1,500.0	3.25%
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%
10-year, 2.20% notes due 2032	500.0	2.20%
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%
30-year, 2.90% notes due 2052	500.0	2.90%
100-year, 7.45% notes due 2097	3.5	7.45%
Promissory Notes Various	2.0	2.70%
Other ⁽³⁾	(83.6)	0.00%
Total LT Debt	8,851.5	3.39%
Total Debt	9,615.0	3.17%

Maturities of Long-Term Debt



Fixed vs. Floating Rate Debt



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

(2) \$245 million of 2027 10-year bonds swapped to EUR

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

Adjustments to Segment Profit

(\$ in millions)	Three Months Ended December 31, 2021					Three Months Ended December 31, 2020					Three Months Ended December 31, 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	\$ 2,653.5	\$ 565.3	\$ 1,542.5	\$ 0.8	\$ 4,762.1	\$ 2,575.7	\$ 612.8	\$ 1,299.7	\$ 0.6	\$ 4,488.8	\$ 2,362.8	\$ 539.4	\$ 1,211.2	\$ 1.0	\$ 4,114.4
Segment profit (as reported)	\$ 400.3	\$ 16.1	\$ 87.2	\$ (194.7)	\$ 308.9	\$ 558.7	\$ 60.4	\$ 133.7	\$ (248.9)	\$ 503.9	\$ 449.4	\$ 29.7	\$ (7.4)	\$ (174.3)	\$ 297.4
% of sales (as reported)	15.1%	2.8%	5.7%	NM	6.5%	21.7%	9.9%	10.3%	NM	11.2%	19.0%	5.5%	-0.6%	NM	7.2%
<u>Other adjustments</u>															
Trademark impairment	-	-	-	-	\$ -	-	-	-	-	\$ -	-	5.1	117.0	-	\$ 122.1
Brazil indirect tax credit	-	-	-	-	\$ -	-	-	-	-	\$ -	-	-	-	(50.8)	\$ (50.8)
Total other adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5.1	\$ 117.0	\$ (50.8)	\$ 71.3
<u>Acquisition-related costs</u>															
Integration costs ⁽¹⁾	-	-	-	-	\$ -	-	-	-	-	\$ -	-	-	-	42.9	\$ 42.9
Acquisition-related amortization ⁽²⁾	-	19.3	50.8	-	\$ 70.1	-	23.0	53.9	0.5	\$ 77.4	-	23.2	53.1	0.1	\$ 76.4
Total acquisition-related costs	\$ -	\$ 19.3	\$ 50.8	\$ -	\$ 70.1	\$ -	\$ 23.0	\$ 53.9	\$ 0.5	\$ 77.4	\$ -	\$ 23.2	\$ 53.1	\$ 43.0	\$ 119.3
Segment Profit (Adjusted)	\$ 400.3	\$ 35.4	\$ 138.0	\$ (194.7)	\$ 379.0	\$ 558.7	\$ 83.4	\$ 187.6	\$ (248.4)	\$ 581.3	\$ 449.4	\$ 58.0	\$ 162.7	\$ (182.1)	\$ 488.0
% of sales (as adjusted)	15.1%	6.3%	8.9%	NM	8.0%	21.7%	13.6%	14.4%	NM	13.0%	19.0%	10.8%	13.4%	NM	11.9%

(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.

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

Adjustments to Segment Profit

(\$ in millions)	Year Ended December 31, 2021					Year Ended December 31, 2020					Year Ended December 31, 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	\$ 11,217.0	\$ 2,721.6	\$ 6,003.8	\$ 2.2	\$ 19,944.6	\$ 10,383.2	\$ 3,053.4	\$ 4,922.4	\$ 2.7	\$ 18,361.7	\$ 10,171.9	\$ 2,676.8	\$ 5,049.2	\$ 2.9	\$ 17,900.8
Segment profit (as reported)	\$ 2,239.1	\$ 358.4	\$ 486.2	\$ (835.1)	\$ 2,248.6	\$ 2,294.1	\$ 579.6	\$ 500.1	\$ (854.6)	\$ 2,519.2	\$ 2,056.5	\$ 373.2	\$ 379.1	\$ (827.0)	\$ 1,981.8
% of sales (as reported)	20.0%	13.2%	8.1%	NM	11.3%	22.1%	19.0%	10.2%	NM	13.7%	20.2%	13.9%	7.5%	NM	11.1%
<u>Other adjustments</u>															
Loss on Wattyly divestiture	-	-	-	111.9	\$ 111.9	-	-	-	-	\$ -	-	-	-	-	\$ -
Trademark impairment	-	-	-	-	\$ -	-	-	-	-	\$ -	-	5.1	117.0	-	\$ 122.1
Brazil indirect tax credit	-	-	-	-	\$ -	-	-	-	-	\$ -	-	-	-	(50.8)	\$ (50.8)
California litigation expense provision reduction	-	-	-	-	\$ -	-	-	-	-	\$ -	-	-	-	(34.7)	\$ (34.7)
Pension plan settlement expense	-	-	-	-	\$ -	-	-	-	-	\$ -	-	-	-	32.4	\$ 32.4
Total other adjustments	\$ -	\$ -	\$ -	\$ 111.9	\$ 111.9	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 5.1	\$ 117.0	\$ (53.1)	\$ 69.0
<u>Acquisition-related costs</u>															
Integration costs ⁽¹⁾	-	-	-	-	\$ -	-	-	-	-	\$ -	-	-	-	81.8	\$ 81.8
Acquisition-related amortization ⁽²⁾	-	82.8	211.2	-	\$ 294.0	-	90.5	213.1	0.9	\$ 304.5	-	91.2	215.5	0.8	\$ 307.5
Total acquisition-related costs	\$ -	\$ 82.8	\$ 211.2	\$ -	\$ 294.0	\$ -	\$ 90.5	\$ 213.1	\$ 0.9	\$ 304.5	\$ -	\$ 91.2	\$ 215.5	\$ 82.6	\$ 389.3
Segment Profit (Adjusted)	\$ 2,239.1	\$ 441.2	\$ 697.4	\$ (723.2)	\$ 2,654.5	\$ 2,294.1	\$ 670.1	\$ 713.2	\$ (853.7)	\$ 2,823.7	\$ 2,056.5	\$ 469.5	\$ 711.6	\$ (797.5)	\$ 2,440.1
% of sales (as adjusted)	20.0%	16.2%	11.6%	NM	13.3%	22.1%	21.9%	14.5%	NM	15.4%	20.2%	17.5%	14.1%	NM	13.6%

(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 and is included in Amortization.

Regulation G Reconciliation: Adjusted EPS

	Three Months Ended December 31, 2021			Three Months Ended December 31, 2020			Three Months Ended December 31, 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			\$ 1.15			\$ 1.49			\$ 0.89
Trademark impairment	-	-	-	-	-	-	0.44	0.11	0.33
Brazil indirect tax credit	-	-	-	-	-	-	(0.18)	(0.06)	(0.12)
Total other adjustments	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.26	\$ 0.05	\$ 0.21
Integration costs ⁽²⁾	-	-	-	-	-	-	0.15	0.04	0.11
Acquisition-related amortization expense ⁽³⁾	0.26	0.07	0.19	0.28	0.07	0.21	0.27	0.06	0.21
Total acquisition-related costs	\$ 0.26	\$ 0.07	\$ 0.19	\$ 0.28	\$ 0.07	\$ 0.21	\$ 0.42	\$ 0.10	\$ 0.32
Adjusted diluted net income per share			\$ 1.34			\$ 1.70			\$ 1.42

(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 EPS

	Year Ended December 31, 2021			Year Ended December 31, 2020			Year Ended December 31, 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			\$ 6.98			\$ 7.36			\$ 5.50
Loss on divestiture	0.41	0.07	0.34	-	-	-	-	-	-
Trademark impairment	-	-	-	-	-	-	0.44	0.11	0.33
Brazil indirect tax credit	-	-	-	-	-	-	(0.18)	(0.06)	(0.12)
California litigation expense provision reduction	-	-	-	-	-	-	(0.12)	(0.03)	(0.09)
Tax credit investment loss	-	-	-	-	-	-	-	(0.26)	0.26
Pension plan settlement expense	-	-	-	-	-	-	0.12	0.03	0.09
Total other adjustments	\$ 0.41	\$ 0.07	\$ 0.34	\$ -	\$ -	\$ -	\$ 0.26	\$ (0.21)	\$ 0.47
Integration costs ⁽²⁾	-	-	-	-	-	-	0.29	0.06	0.23
Acquisition-related amortization expense ⁽³⁾	1.10	0.27	0.83	1.10	0.27	0.83	1.10	0.26	0.84
Total acquisition-related costs	\$ 1.10	\$ 0.27	\$ 0.83	\$ 1.10	\$ 0.27	\$ 0.83	\$ 1.39	\$ 0.32	\$ 1.07
Adjusted diluted net income per share			\$ 8.15			\$ 8.19			\$ 7.04

(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

(\$ in millions)	Three Months Ended December 31, 2021	Three Months Ended December 31, 2020	Three Months Ended December 31, 2019
Net income	\$ 304.0	\$ 407.0	\$ 248.6
Interest expense	84.9	82.8	83.8
Income taxes	4.9	96.9	48.8
Depreciation	63.3	68.0	67.1
Amortization	76.3	79.2	78.4
EBITDA	<u>\$ 533.4</u>	<u>\$ 733.9</u>	<u>\$ 526.7</u>
Trademark impairment	-	-	122.1
Brazil indirect tax credit	-	-	(50.8)
Integration costs ⁽¹⁾	-	-	42.9
Adjusted EBITDA	<u>\$ 533.4</u>	<u>\$ 733.9</u>	<u>\$ 640.9</u>
% to net sales:			
EBITDA	11.2%	16.3%	12.8%
Adjusted EBITDA	11.2%	16.3%	15.6%
Net sales for EBITDA % calculation	\$ 4,762.1	\$ 4,488.8	\$ 4,114.4

(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.

Regulation G Reconciliation: Adjusted EBITDA

(\$ in millions)	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019
Net income	\$ 1,864.4	\$ 2,030.4	\$ 1,541.3
Interest expense	334.7	340.4	349.3
Income taxes	384.2	488.8	440.5
Depreciation	263.1	268.0	262.1
Amortization	309.5	313.4	312.8
EBITDA	<u>\$ 3,155.9</u>	<u>\$ 3,441.0</u>	<u>\$ 2,906.0</u>
Loss on divestiture	111.9	-	-
Trademark impairment	-	-	122.1
Brazil indirect tax credit	-	-	(50.8)
California litigation expense provision reduction	-	-	(34.7)
Pension plan settlement expense	-	-	32.4
Integration costs ⁽¹⁾	-	-	81.8
Adjusted EBITDA	<u>\$ 3,267.8</u>	<u>\$ 3,441.0</u>	<u>\$ 3,056.8</u>
% to net sales:			
EBITDA	15.8%	18.7%	16.2%
Adjusted EBITDA	16.4%	18.7%	17.1%
Net sales for EBITDA % calculation	\$ 19,944.6	\$ 18,361.7	\$ 17,900.8

(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.