



**SHERWIN-WILLIAMS®**

# 2Q 2022 Results

July 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 natural disasters, including due to the impacts of climate change; and public health crises, including 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 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 2022 Financial Performance Highlights

(\$ in millions, except per share data)	2Q 2022	2Q 2021	% Change
<b>Sales</b>	<b>\$5,872.3</b>	<b>\$5,379.8</b>	<b>9.2%</b>
<b>Gross Profit</b>	<b>\$2,449.0</b>	<b>\$2,411.4</b>	<b>1.6%</b>
<i>Gross Margin</i>	<i>41.7%</i>	<i>44.8%</i>	<i>-310 bps</i>
<b>Reported EPS</b>	<b>\$2.21</b>	<b>\$2.42</b>	<b>-8.7%</b>
<b>Adjusted EPS <sup>(1)</sup></b>	<b>\$2.41</b>	<b>\$2.65</b>	<b>-9.1%</b>

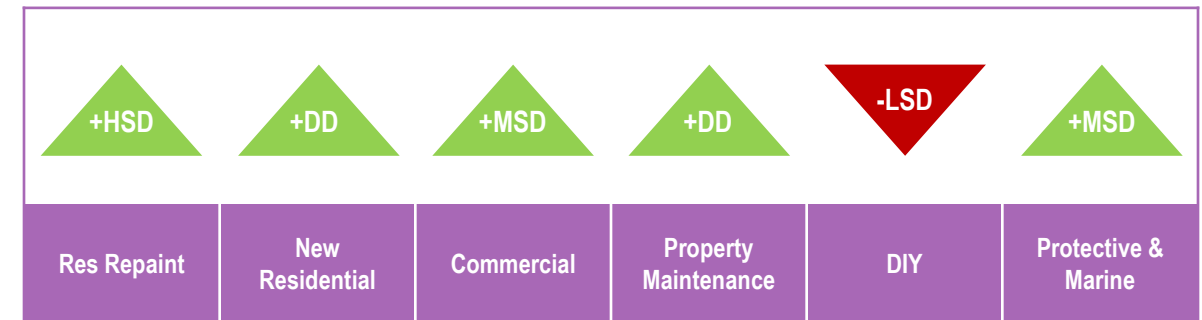
- Sales increased 9.2%, slightly below low end of guidance
  - Continued demand strength in professional architectural and North American industrial end markets
  - Low double-digit pricing partially offset by weak DIY volumes and slight FX headwinds
  - Significant softening of European demand and slower than expected demand recovery in China post COVID lockdowns
- Slower than anticipated improvement in raw material costs and higher labor and transportation costs
  - Further implementation of pricing actions to mitigate higher costs
- Gross margin impacted by lower sales volume, supply chain inefficiencies and broad cost inflation, which continued to outpace price increases near term
  - Consolidated gross margin improved sequentially from 1Q 2022
- SG&A as % of sales down 80 basis points – good cost control while continuing strategic long-term investments
- Adjusted EPS<sup>(1)</sup> decreased 9.1% year-over-year to \$2.41/share vs. \$2.65/share, inclusive of a \$0.13 per share unfavorable impact in the Administrative segment

# The Americas Group

- Sales increased 8.1% including low-double-digit pricing; same store sales increased 6.4%
- Growth in all pro customer segments, led by Property Maintenance and New Residential
- Residential Repaint up high-single digits versus a very strong double-digit comparison
- Pro customers reporting strong backlogs into back half of year
- Announced 10% price increase effective September 6, 2022
- Segment profit decreased to \$700.4 million, and segment margin decreased to 21.0% – declines driven by lower DIY and Protective & Marine sales volumes and higher raw material costs
- Segment margin improved 420 basis points sequentially



(\$ in millions)	2Q 2022	2Q 2021	% Change
<b>Sales</b>	<b>\$3,343.1</b>	<b>\$3,093.4</b>	<b>8.1%</b>
<b>Segment Profit</b>	<b>\$700.4</b>	<b>\$727.3</b>	<b>-3.7%</b>
<i>Segment Margin</i>	<i>21.0%</i>	<i>23.5%</i>	<i>-250 bps</i>



2Q-22 sales vs. 2Q-21 sales (HSD/MSD/LSD = high, mid or low single digit %. DD = double digit %)

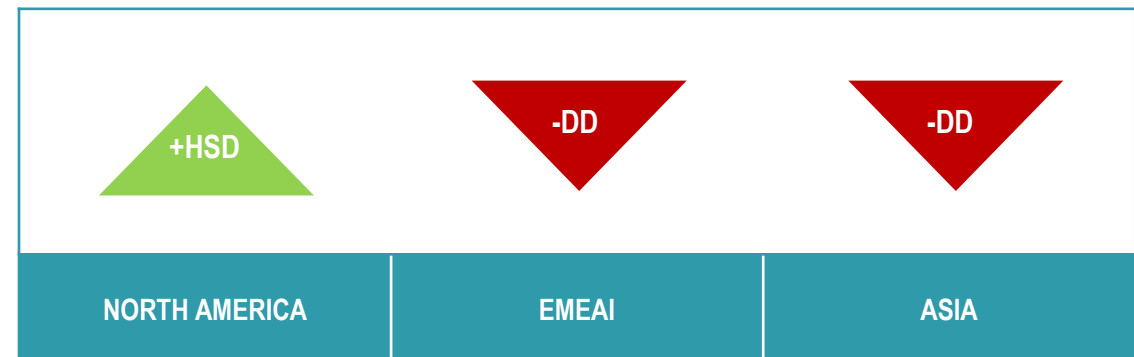
Note: All comparisons are to the second quarter of the prior year, unless otherwise noted

# Consumer Brands Group

- Sales increased 0.9% – high-single-digit price realization nearly fully offset by weak DIY sales volume, tight supply of alkyd resins significantly impacting non-paint categories (aerosols and stains) in June, soft international sales and slight FX headwinds
- China down by a very high double-digit percentage due to COVID lockdowns; Europe also down high double-digits due to the slowing macroeconomic environment
- Strong growth in Pros Who Paint category
- Adjusted segment profit decreased to \$82.6 million and adjusted segment margin decreased to 11.2% – declines driven by lower sales volume, supply chain inefficiencies and higher raw material costs
- Incremental price increases to mitigate raw material and other cost inflation



(\$ in millions)	2Q 2022	2Q 2021	% Change
<b>Sales</b>	<b>\$737.9</b>	<b>\$731.5</b>	<b>0.9%</b>
<b>Reported Segment Profit</b>	<b>\$63.5</b>	<b>\$122.8</b>	<b>-48.3%</b>
<i>Reported Segment Margin</i>	<i>8.6%</i>	<i>16.8%</i>	<i>-820 bps</i>
<b>Adjusted Segment Profit <sup>(1)</sup></b>	<b>\$82.6</b>	<b>\$144.1</b>	<b>-42.7%</b>
<i>Adjusted Segment Margin</i>	<i>11.2%</i>	<i>19.7%</i>	<i>-850 bps</i>



2Q-22 sales vs. 2Q-21 sales (HSD/MSD/LSD = high, mid or low single digit %. DD = double digit %)

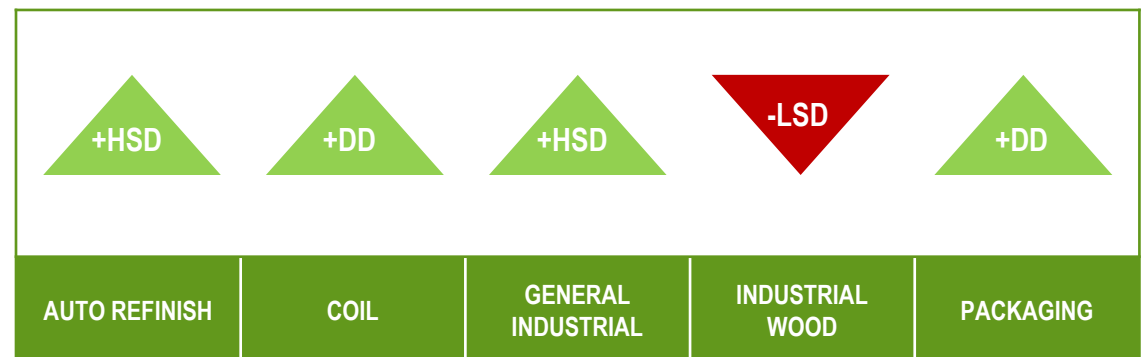
Note: All comparisons are to the second quarter of the prior year, unless otherwise noted  
 (1) Reconciliation from segment profit to adjusted segment profit provided in Appendix

# Performance Coatings Group

- Sales increased 15.2% including mid-teens pricing and -3.7% FX
- Strong double-digit growth in North America and Latin America; mid-single-digit growth in Europe and high-single-digit decline in Asia
- Coil and Packaging highest year-over-year increases and double-digit growth in nearly every region
- General Industrial and Auto Refinish double-digit growth in North America and Latin America; declines in Europe and Asia
- Industrial Wood strong in North America, soft in Europe and Asia
- Adjusted segment profit increased to \$247.1 million, and adjusted segment margin increased to 13.8% – increases driven by strong top-line growth and good cost control
- Incremental price increases to mitigate raw material inflation



(\$ in millions)	2Q 2022	2Q 2021	% Change
<b>Sales</b>	<b>\$1,790.3</b>	<b>\$1,554.5</b>	<b>15.2%</b>
<b>Reported Segment Profit</b>	<b>\$196.8</b>	<b>\$144.8</b>	<b>35.9%</b>
<i>Reported Segment Margin</i>	<i>11.0%</i>	<i>9.3%</i>	<i>+170 bps</i>
<b>Adjusted Segment Profit <sup>(1)</sup></b>	<b>\$247.1</b>	<b>\$201.4</b>	<b>22.7%</b>
<i>Adjusted Segment Margin</i>	<i>13.8%</i>	<i>13.0%</i>	<i>+80 bps</i>



2Q-22 sales vs. 2Q-21 sales (HSD/MSD/LSD = high, mid or low single digit %. DD = double digit %)

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

# Guidance

## *Third Quarter 2022*

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### Sales

- Increase by low to mid-teens percentage
- *Foreign Exchange: -2.0%*
- Segments
  - *TAG: up high-teens percentage*
  - *CBG: up low-single-digit percentage*
  - *PCG: up high-single to low-double-digit percentage*

## *Full Year 2022*

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### Sales

- Increase by high-single-digit to low-double-digit percentage
- *Foreign Exchange: -1.5%*
- Segments
  - *TAG: up low-double-digit to mid-teens percentage*
  - *CBG: down low-single-digit percentage*
  - *PCG: up low-double-digit to mid-teens percentage*

### GAAP Earnings Per Share: \$7.65-\$7.95

- Includes acquisition-related amortization expense of \$0.85 per share
- Adjusted earnings per share: \$8.50-\$8.80

**Raw materials:** up high-teens percentage

**Capital expenditures:** \$765 million total, includes \$350 million for new HQ and R&D facilities

**Interest expense:** approximately \$390 million

**Depreciation** (~\$285 million) and **amortization** (~\$315 million)

**Tax rate:** low 20s percent

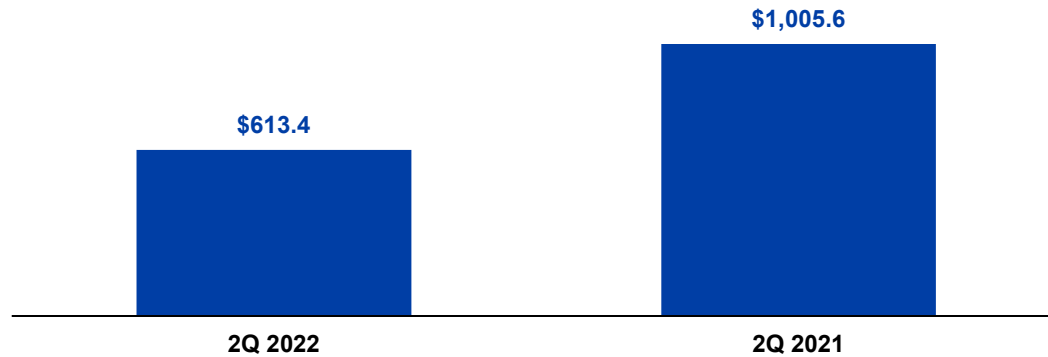
## Breakdown of \$0.80/share FY22 Adjusted Earnings Guidance Midpoint Reduction

<b>Impact</b>	<b>Softer Demand</b> <ul style="list-style-type: none"> <li>▪ North America DIY</li> <li>▪ Europe</li> <li>▪ China</li> </ul>	<b>Admin Segment</b> <ul style="list-style-type: none"> <li>▪ Higher interest expense</li> <li>▪ Acquisition related costs</li> </ul>	<b>Higher Input Costs, <i>net of pricing</i></b> <ul style="list-style-type: none"> <li>▪ Raw materials</li> <li>▪ Freight</li> <li>▪ Transportation</li> <li>▪ Incremental costs to serve</li> </ul>
<b>\$\$\$</b>	<b>~\$0.50/share</b>	<b>~\$0.20/share</b>	<b>~\$0.10/share</b>
<b>Recent Actions</b>	<ul style="list-style-type: none"> <li>▪ 10% price increase in The Americas Group effective September 6<sup>th</sup></li> <li>▪ Price increases in other businesses</li> <li>▪ Continued focus on capturing demand and share gains</li> <li>▪ Managing general and administrative expenses tightly across all businesses – continue to invest in long-term growth</li> <li>▪ Execute simplification and platform projects</li> <li>▪ Execute integration of acquisitions</li> <li>▪ Ongoing portfolio review of programs, brands, and businesses</li> </ul>		

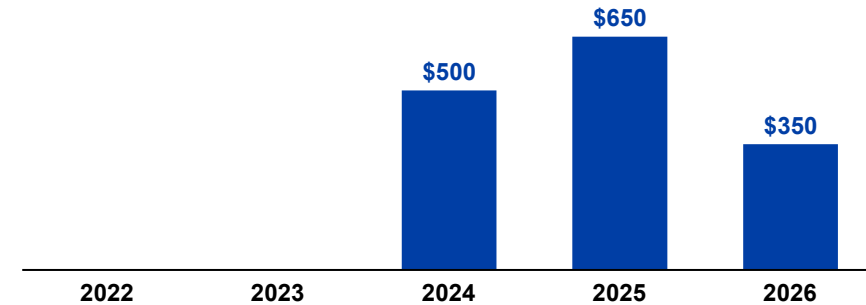


# Strong Financial Position

## Operating Cash Flow (\$ in millions)



## Near Term Debt Maturities <sup>(1)</sup> (\$ in millions)



## Cash & Liquidity Position (\$ in millions)

	6/30/2022
Cash	\$312.6
<b><u>Liquidity</u></b>	
Total Credit Facilities	\$3,500.0
<u>(Less Amount Utilized)</u>	<u>(1,993.8)</u>
Net Credit Available	\$1,506.2

## Selected Financial Ratios

	6/30/2022
Total Debt / TTM EBITDA	3.5x

(1) Full debt maturity schedule provided in Appendix

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# Appendix



# Debt Summary (as of June 30, 2022)

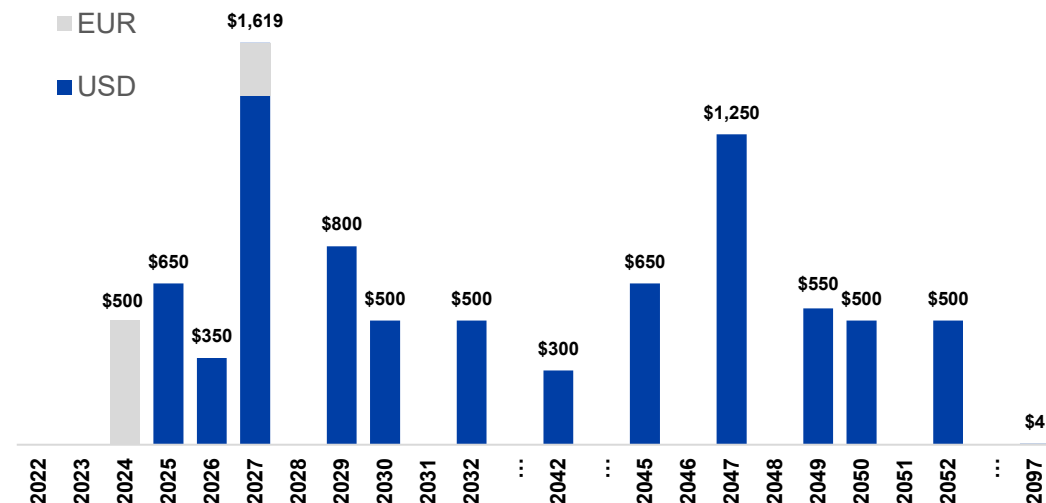
	Q2 2022	
	Balance	Int. Rate
Short-Term:		
Domestic	1,958.8	1.80%
Non-Domestic:	53.2	6.48%
<b>Short-Term:</b>	<b>2,012.0</b>	<b>1.92%</b>
Long-Term:		
7-year, 3.125% notes due <sup>(1)</sup> 2024	500.0	1.39%
10-year, 3.30% notes due 2025	250.0	3.30%
10-year, 3.45% notes due 2025	400.0	3.45%
10-year, 3.95% notes due 2026	350.0	3.95%
10-year, 3.45% notes due <sup>(2)</sup> 2027	1,500.0	3.32%
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	1.7	2.87%
Other <sup>(3)</sup>	(80.4)	0.00%
<b>Total LT Debt</b>	<b>8,594.2</b>	<b>3.43%</b>
<b>Total Debt</b>	<b>10,606.2</b>	<b>3.14%</b>

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

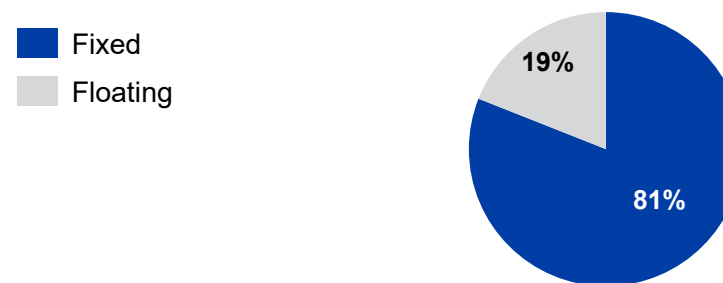
(2) \$163 million of 2027 10-year bonds swapped to EUR

(3) "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

(\$ in millions)	Three Months Ended June 30, 2022					Three Months Ended June 30, 2021				
	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	\$ 3,343.1	\$ 737.9	\$ 1,790.3	\$ 1.0	\$ 5,872.3	\$ 3,093.4	\$ 731.5	\$ 1,554.5	\$ 0.4	\$ 5,379.8
Segment profit (as reported)	\$ 700.4	\$ 63.5	\$ 196.8	\$ (220.8)	\$ 739.9	\$ 727.3	\$ 122.8	\$ 144.8	\$ (175.7)	\$ 819.2
% of sales (as reported)	21.0%	8.6%	11.0%	NM	12.6%	23.5%	16.8%	9.3%	NM	15.2%
<u>Acquisition-related costs</u>										
Acquisition-related amortization <sup>(1)</sup>	-	19.1	50.3	-	\$ 69.4	-	21.3	56.6	0.1	\$ 78.0
Total acquisition-related costs	\$ -	\$ 19.1	\$ 50.3	\$ -	\$ 69.4	\$ -	\$ 21.3	\$ 56.6	\$ 0.1	\$ 78.0
Segment Profit (Adjusted)	\$ 700.4	\$ 82.6	\$ 247.1	\$ (220.8)	\$ 809.3	\$ 727.3	\$ 144.1	\$ 201.4	\$ (175.6)	\$ 897.2
% of sales (as adjusted)	21.0%	11.2%	13.8%	NM	13.8%	23.5%	19.7%	13.0%	NM	16.7%

(1) 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 June 30, 2022			Three Months Ended June 30, 2021		
	Pre-Tax	Tax Effect <sup>(1)</sup>	After- Tax	Pre-Tax	Tax Effect <sup>(1)</sup>	After- Tax
Diluted net income per share			\$ 2.21			\$ 2.42
Acquisition-related amortization expense <sup>(2)</sup>	0.27	0.07	0.20	0.29	0.06	0.23
Total acquisition-related costs	\$ 0.27	\$ 0.07	\$ 0.20	\$ 0.29	\$ 0.06	\$ 0.23
Adjusted diluted net income per share			\$ 2.41			\$ 2.65

(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.