



SHERWIN-WILLIAMS®

4Q and Full Year 2022 Results

January 26, 2023

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.

2022 Full Year Financial Performance Highlights

(\$ in millions, except per share data)	2022	2021	% Change
Sales	\$22,148.9	\$19,944.6	11.1%
Gross Profit	\$9,325.1	\$8,542.7	9.2%
<i>Gross Margin</i>	<i>42.1%</i>	<i>42.8%</i>	<i>-70 bps</i>
Reported EPS	\$7.72	\$6.98	10.6%
Adjusted EPS ⁽¹⁾	\$8.73	\$8.15	7.1%
EBITDA	\$3,545.0	\$3,155.9	12.3%
<i>% of Sales</i>	<i>16.0%</i>	<i>15.8%</i>	<i>+20 bps</i>
Net Operating Cash	\$1,919.9	\$2,244.6	-14.5%

- Sales increased 11.1% to a record \$22.1 billion, driven by strength in professional architectural and North American industrial end markets
 - Low double-digit pricing, low-single-digit volume and low-single-digit contributions from acquisitions partially offset by slight FX headwinds
- Gross profit increased 9.2%; gross margin impacted by raw material cost inflation and supply chain inefficiencies
- SG&A as % of sales improved 70 bps to 27.2% – good cost control while continuing strategic long-term investments
- Adjusted EPS⁽¹⁾ increased 7.1% year-over-year to \$8.73/share vs. \$8.15/share in the prior year
- EBITDA increased 12.3% to \$3.5 billion, or 16.0% of sales
- Generated net operating cash of \$1.9 billion
 - Invested \$1.0 billion in acquisitions that accelerated strategy
 - Repurchased 3.35 million shares at an average price of \$263.64 per share
 - Increased annual dividend 9.1% to \$2.40 per share

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

4Q 2022 Financial Performance Highlights

(\$ in millions, except per share data)	4Q 2022	4Q 2021	% Change
Sales	\$5,230.5	\$4,762.1	9.8%
Gross Profit	\$2,233.8	\$1,879.7	18.8%
<i>Gross Margin</i>	42.7%	39.5%	+320 bps
Reported EPS	\$1.48	\$1.15	28.7%
Adjusted EPS ⁽¹⁾	\$1.89	\$1.34	41.0%
EBITDA	\$751.7	\$533.4	40.9%
<i>% of Sales</i>	14.4%	11.2%	+320 bps
Net Operating Cash	\$641.0	\$193.9	230.6%

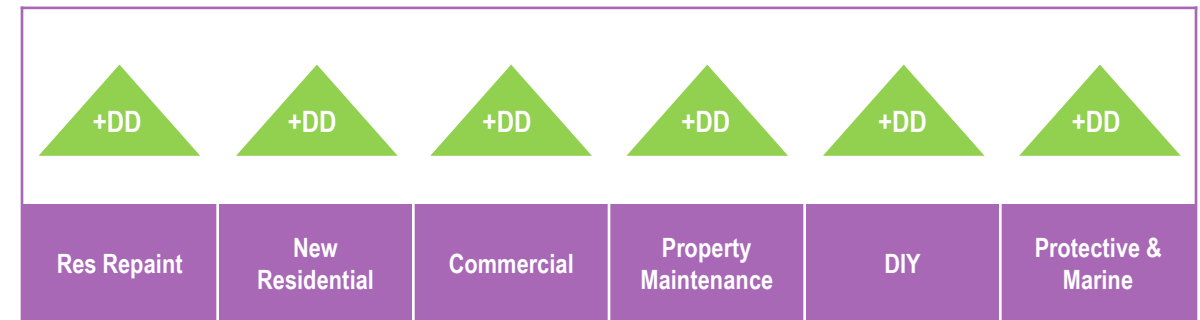
- Sales increased 9.8% to \$5.2 billion – low double-digit pricing, flat volume and low-single-digit contributions from acquisitions partially offset by low-single-digit FX headwinds
 - Demand strength in professional architectural and North American industrial end markets
 - Further weakness in Europe and Asia end markets
- 320 basis point year-over-year improvement in gross margin, driven by sales growth and pricing actions
 - Modest sequential decline in raw material costs from Q3 2022
- SG&A expense as a percentage of sales decreased by 40 basis points to 29.8%
- Adjusted EPS⁽¹⁾ increased 41.0% year-over-year to \$1.89/share vs. \$1.34/share in the prior year
- EBITDA increased 40.9% to \$751.7 million

The Americas Group

- Sales increased 15.7% including mid-single-digit volume growth and high-single-digit pricing; same store sales increased 15.5%
- Pro architectural sales increased by high-teens
- DIY and Protective & Marine sales increased double-digits but below the guided segment range
- Segment profit increased \$126.4 million, or 31.6% year-over-year, driven by solid volume and selling price increases, partially offset by higher raw material costs and higher SG&A costs related to long-term growth initiatives



(\$ in millions)	4Q 2022	4Q 2021	% Change
Sales	\$3,071.1	\$2,653.5	15.7%
Segment Profit	\$526.7	\$400.3	31.6%
Segment Margin	17.2%	15.1%	+210 bps



4Q-22 sales vs. 4Q-21 sales (HSD/MSD/LSD = high, mid or low single digit %. DD = double digit %)

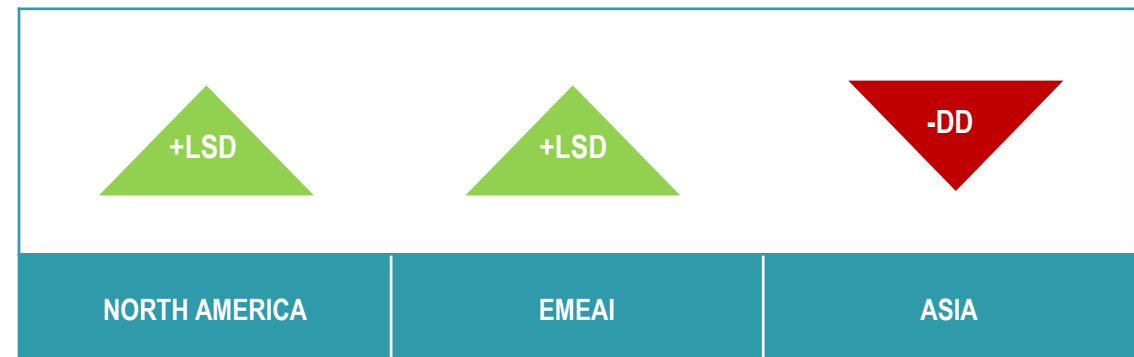
Note: All comparisons are to the fourth quarter of the prior year, unless otherwise noted

Consumer Brands Group

- Sales decreased 2.4% driven by a high-single-digit volume decline and a low-single-digit headwind from foreign exchange, partially offset by high-single-digit pricing
 - Low-single-digit growth in North America and Europe more than offset by significant continued weakness in China
 - North American customers managing inventory levels to match demand
- Adjusted segment profit increased 76.0% to \$62.3 million, and adjusted segment margin improved 500 bps year-over-year to 11.3%
 - Improvement driven by selling price increases and good cost control, partially offset by lower sales volume, increased raw material costs and higher supply chain costs
- Significant progress on previously announced restructuring actions



(\$ in millions)	4Q 2022	4Q 2021	% Change
Sales	\$551.5	\$565.3	-2.4%
Reported Segment Profit	\$2.4	\$16.1	-85.1%
<i>Reported Segment Margin</i>	<i>0.4%</i>	<i>2.8%</i>	<i>-240 bps</i>
Adjusted Segment Profit ⁽¹⁾	\$62.3	\$35.4	76.0%
<i>Adjusted Segment Margin</i>	<i>11.3%</i>	<i>6.3%</i>	<i>+500 bps</i>



4Q-22 sales vs. 4Q-21 sales (HSD/MSD/LSD = high, mid or low single digit %. DD = double digit %)

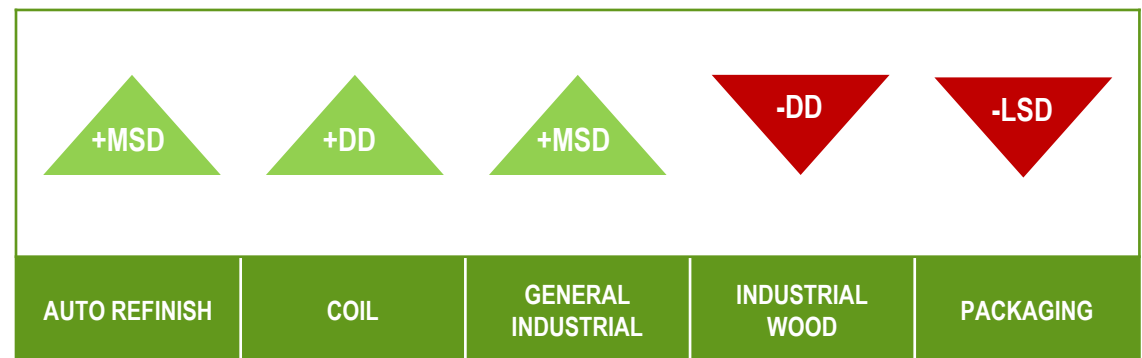
Note: All comparisons are to the fourth quarter of the prior year, unless otherwise noted
 (1) Reconciliation from segment profit to adjusted segment profit provided in Appendix

Performance Coatings Group

- Sales increased 4.2% including mid-teens pricing and a mid-single digit contribution from acquisitions, partially offset by low-double-digit volume declines and a mid-single-digit headwind from FX
- Low-teens growth in North America and Latin America; high-single-digit declines in Europe and low-teens decline in Asia
- Coil and Auto Refinish highest year-over-year increases, followed by General Industrial; Packaging down low-single-digit against an extremely difficult comparison; Industrial Wood impacted by housing slowdown
- Adjusted segment profit improved 65.9% to \$229.0 million
 - Adjusted segment margin improved 530 bps year-over-year to 14.2%
- Significant progress on previously announced restructuring actions



(\$ in millions)	4Q 2022	4Q 2021	% Change
Sales	\$1,607.4	\$1,542.5	4.2%
Reported Segment Profit	\$157.3	\$87.2	80.4%
<i>Reported Segment Margin</i>	<i>9.8%</i>	<i>5.7%</i>	<i>+410 bps</i>
Adjusted Segment Profit ⁽¹⁾	\$229.0	\$138.0	65.9%
<i>Adjusted Segment Margin</i>	<i>14.2%</i>	<i>8.9%</i>	<i>+530 bps</i>



4Q-22 sales vs. 4Q-21 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 2023

Sales

- Flat to up mid-single-digit percentage
- *Foreign Exchange: -2.0%*
- Segments
 - *TAG: up high-single-digit percentage*
 - *CBG: down low-double-digit to mid-teens percentage*
 - Excluding impact of portfolio adjustments, expect sales to be down high-single to low-double-digit percentage
 - *PCG: up or down low-single-digit percentage*

Full Year 2023

Sales

- Flat to down mid-single-digit percentage
- *Foreign Exchange: -2.0%*
- Segments
 - *TAG: up or down low-single-digit percentage*
 - *CBG: down low-double-digit to mid-teens percentage*
 - Excluding impact of portfolio adjustments, expect sales to be down low to mid-single-digit percentage
 - *PCG: down high-single to low-double-digit percentage*

GAAP Earnings Per Share: \$6.79-\$7.59

- Includes acquisition-related amortization expense of \$0.81 per share and restructuring expense of approximately \$0.25-\$0.35 per share
- Adjusted earnings per share: \$7.95-\$8.65

Raw materials: down low to mid-single-digit percentage

Capital expenditures: \$800 million total, includes \$250 million for new R&D facility

Interest expense: approximately \$470 million

Other non-operating expenses*: incremental \$75-\$95 million increase

Depreciation (~\$350 million) and **amortization** (~\$340 million)

Tax rate: low 20s percent

* Includes Other General Expense and Other Expense

Current Assumptions in Earnings Guidance

Description

Sales / volume considerations

- Impact of new residential decline
- Impact of slowing existing home sales
- Impact of inflation on DIY consumer
- Depth and duration of Europe / Asia / North American industrial weakness
- China architectural / aerosol restructuring impact
- Level of consolidated 2022 price carryover

Cost of goods sold considerations

- Level and pace of raw material deflation
- Level and pace of non-raw material inflation
- Impact of simplification initiatives
- Potential for ongoing supply chain inefficiencies

SG&A considerations

- Timing and size of growth investments
- Wage and benefit inflation
- Continuous improvement initiatives

Full Year 2023 Earnings Financial Scenarios (estimated amounts)

<i>% change YOY, except per share data</i>	Low	Mid	High
Adjusted EPS	\$7.95	\$8.30	\$8.65
Consolidated Volume	down HSD	down MSD	down LSD
TAG Volume	<i>down LSD to MSD</i>	<i>down LSD</i>	<i>flat</i>
TAG New Residential Volume	<i>down ~20%</i>	<i>down mid-teens</i>	<i>down ~10%</i>
Consolidated Price Carryover	up LSD	up MSD	up MSD
Foreign Exchange	down LSD	down LSD	down LSD
China Architectural / Aerosol Restructuring Top Line Impact	down LSD	down LSD	down LSD
Consolidated Raw Material Costs	flat to down LSD	down LSD to MSD	down MSD
SG&A (year-over-year %)	down LSD	up MSD	up MSD

LSD/MSD/HSD = low, mid or high single digit %. DD = double digit %

Restructuring Actions Update

Description

Restructuring focus areas

- Consumer Brands Group
 - China architectural
 - Aerosol portfolio
 - Retail optimization
- Performance Coatings Group
 - Global cost reductions
- Corporate
 - Global cost reductions

Approximately \$160-\$180 million one-time cost estimate

- 2022 one-time costs: \$63.3 million
- 2023 one-time cost estimate (included in full-year 2023 GAAP earnings per share guidance): \$100 - \$120 million

Approximately \$50-\$70 million estimated annual savings

- 75% realized by end of 2023, full run-rate by end of 2024

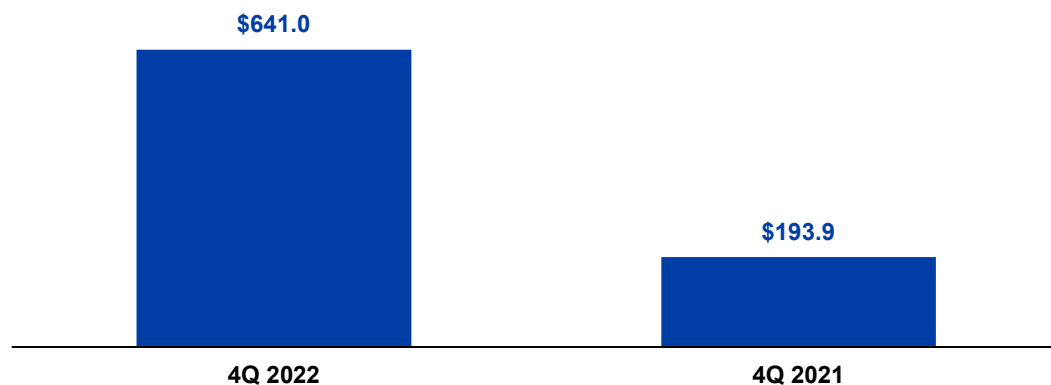
Cost Breakout (estimated amounts)

\$ in millions

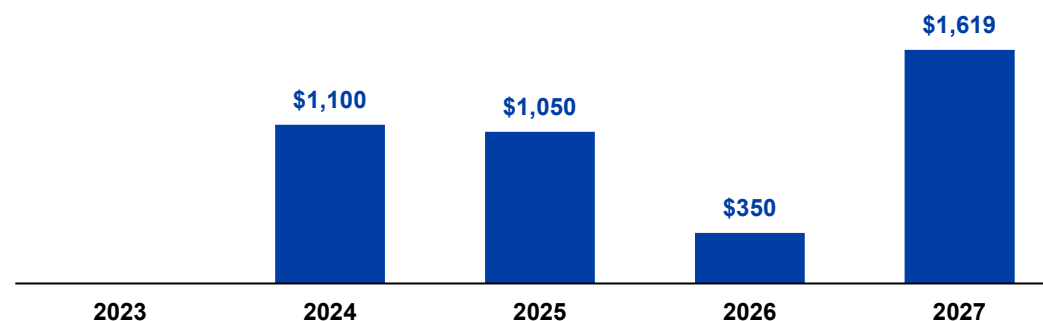
		4Q 2022 One-Time Costs	Estimated Total One- Time Costs	Estimated Total Annual Savings
Category	Gross Margin	\$9.0	\$40	\$10
	SG&A	\$37.9	\$130	\$50
	Trademark Impairment & Other	\$16.4		
Segment	Consumer Brands Group	\$41.1	\$135	\$35
	Performance Coatings Group	\$22.2	\$25	\$15
	Administrative	-	\$10	\$10
Region	North America	\$18.0	\$65	\$15
	EMEA	\$20.6	\$20	\$20
	APAC	\$24.7	\$85	\$25

Strong Financial Position

Operating Cash Flow (\$ in millions)



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



Cash & Liquidity Position (\$ in millions)

	12/31/2022
Cash	\$198.8
<u>Liquidity</u>	
Total Credit Facilities	\$3,750.0
<u>(Less Amount Utilized)</u>	<u>(1,008.5)</u>
Net Credit Available	\$2,741.5

Selected Financial Ratios

	12/31/2022
Total Debt / TTM EBITDA	3.0x
Net Debt / TTM EBITDA	2.9x

(1) Full debt maturity schedule provided in Appendix

Appendix

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Debt Summary (as of December 31, 2022)

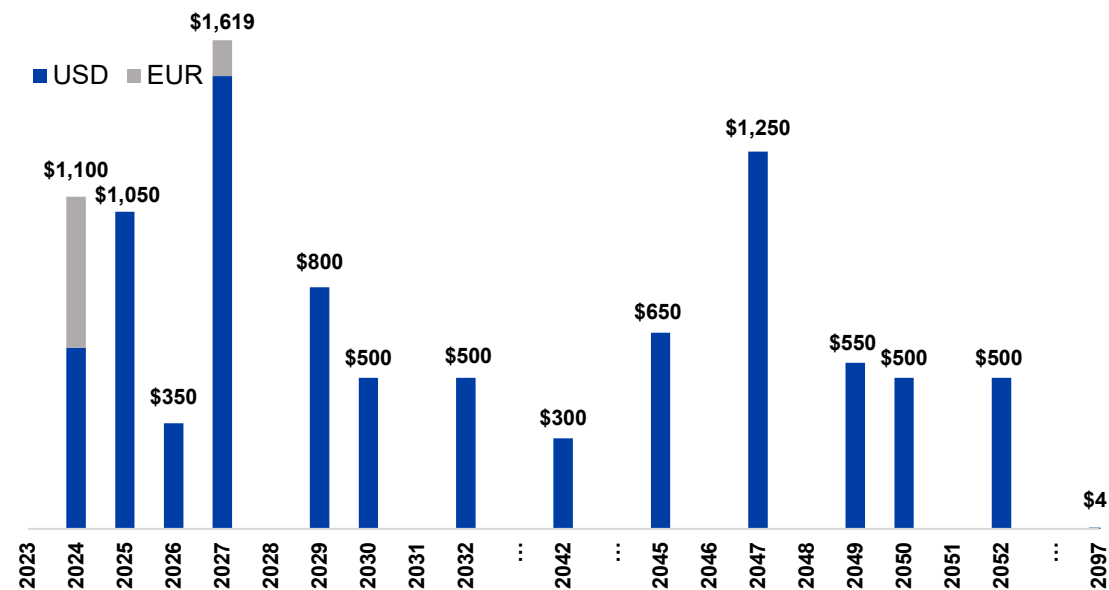
		Q4 2022	
		Balance	Int. Rate
Short-Term:			
Domestic		938.5	4.64%
Non-Domestic:		39.6	6.71%
Total Short-Term Borrowings		978.1	4.72%
Long-Term:			
7-year, 3.125% notes due ⁽¹⁾	2024	500.0	1.39%
2-year, 4.05% notes due	2024	600.0	4.05%
10-year, 3.30% notes due	2025	250.0	3.30%
10-year, 3.45% notes due	2025	400.0	3.45%
3-year, 4.25% notes due	2025	400.0	4.25%
10-year, 3.95% notes due	2026	350.0	3.95%
10-year, 3.45% notes due ⁽²⁾	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	1.6	2.85%
Other ⁽³⁾		(82.9)	0.00%
Total LT Debt		9,591.6	3.50%
Total Debt		10,569.7	3.61%

(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 – 4Q & Full Year

(\$ in millions)	Three Months Ended December 31, 2022					Three Months Ended December 31, 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	\$ 3,071.1	\$ 551.5	\$ 1,607.4	\$ 0.5	\$ 5,230.5	\$ 2,653.5	\$ 565.3	\$ 1,542.5	\$ 0.8	\$ 4,762.1
Segment profit (as reported)	\$ 526.7	\$ 2.4	\$ 157.3	\$ (191.5)	\$ 494.9	\$ 400.3	\$ 16.1	\$ 87.2	\$ (194.7)	\$ 308.9
% of sales (as reported)	17.2%	0.4%	9.8%	NM	9.5%	15.1%	2.8%	5.7%	NM	6.5%
Other adjustments										
Severance and other	-	25.6	22.2	-	\$ 47.8	-	-	-	-	\$ -
Impairment	-	15.5	-	-	\$ 15.5	-	-	-	-	\$ -
Loss on divestiture	-	-	-	-	\$ -	-	-	-	-	\$ -
Total other adjustments	\$ -	\$ 41.1	\$ 22.2	\$ -	\$ 63.3	\$ -	\$ -	\$ -	\$ -	\$ -
Acquisition-related amortization ⁽¹⁾	-	18.8	49.5	-	\$ 68.3	-	19.3	50.8	-	\$ 70.1
Segment Profit (Adjusted)	\$ 526.7	\$ 62.3	\$ 229.0	\$ (191.5)	\$ 626.5	\$ 400.3	\$ 35.4	\$ 138.0	\$ (194.7)	\$ 379.0
% of sales (as adjusted)	17.2%	11.3%	14.2%	NM	12.0%	15.1%	6.3%	8.9%	NM	8.0%
Year Ended December 31, 2022										
(\$ in millions)	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	\$ 12,661.0	\$ 2,690.7	\$ 6,793.5	\$ 3.7	\$ 22,148.9	\$ 11,217.0	\$ 2,721.6	\$ 6,003.8	\$ 2.2	\$ 19,944.6
Segment profit (as reported)	\$ 2,436.6	\$ 225.7	\$ 734.9	\$ (824.1)	\$ 2,573.1	\$ 2,239.1	\$ 358.4	\$ 486.2	\$ (835.1)	\$ 2,248.6
% of sales (as reported)	19.2%	8.4%	10.8%	NM	11.6%	20.0%	13.2%	8.1%	NM	11.3%
Other adjustments										
Severance and other	-	25.6	22.2	-	\$ 47.8	-	-	-	-	\$ -
Impairment	-	15.5	-	-	\$ 15.5	-	-	-	-	\$ -
Loss on divestiture	-	-	-	-	\$ -	-	-	-	111.9	\$ 111.9
Total other adjustments	\$ -	\$ 41.1	\$ 22.2	\$ -	\$ 63.3	\$ -	\$ -	\$ -	\$ 111.9	\$ 111.9
Acquisition-related amortization ⁽¹⁾	-	76.2	200.1	-	\$ 276.3	-	82.8	211.2	-	\$ 294.0
Segment Profit (Adjusted)	\$ 2,436.6	\$ 343.0	\$ 957.2	\$ (824.1)	\$ 2,912.7	\$ 2,239.1	\$ 441.2	\$ 697.4	\$ (723.2)	\$ 2,654.5
% of sales (as adjusted)	19.2%	12.7%	14.1%	NM	13.2%	20.0%	16.2%	11.6%	NM	13.3%

(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 – 4Q & Full Year

	Three Months Ended December 31, 2022			Three Months Ended December 31, 2021		
	Pre-Tax	Tax Effect ⁽¹⁾	After-Tax	Pre-Tax	Tax Effect ⁽¹⁾	After-Tax
Diluted net income per share			\$ 1.48			\$ 1.15
Severance and other	0.18	0.03	0.15	-	-	-
Impairment	0.06	0.01	0.05	-	-	-
Loss on divestiture	-	-	-	-	-	-
Total other adjustments	\$ 0.24	\$ 0.04	\$ 0.20	\$ -	\$ -	\$ -
Acquisition-related amortization expense ⁽²⁾	0.26	0.05	0.21	0.26	0.07	0.19
Adjusted diluted net income per share			\$ 1.89			\$ 1.34

	Year Ended December 31, 2022			Year Ended December 31, 2021		
	Pre-Tax	Tax Effect ⁽¹⁾	After-Tax	Pre-Tax	Tax Effect ⁽¹⁾	After-Tax
Diluted net income per share			\$ 7.72			\$ 6.98
Severance and other	0.18	0.03	0.15	-	-	-
Impairment	0.06	0.01	0.05	-	-	-
Loss on divestiture	-	-	-	0.41	0.07	0.34
Total other adjustments	\$ 0.24	\$ 0.04	\$ 0.20	\$ 0.41	\$ 0.07	\$ 0.34
Acquisition-related amortization expense ⁽²⁾	1.06	0.25	0.81	1.10	0.27	0.83
Adjusted diluted net income per share			\$ 8.73			\$ 8.15

(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.

Regulation G Reconciliation: Adjusted EBITDA – 4Q & Full Year

(\$ in millions)	Three Months Ended		Year Ended	
	December 31, 2022	December 31, 2021	December 31, 2022	December 31, 2021
Net income	\$ 386.3	\$ 304.0	\$ 2,020.1	\$ 1,864.4
Interest expense	108.3	84.9	390.8	334.7
Income taxes	108.6	4.9	553.0	384.2
Depreciation	69.2	63.3	264.0	263.1
Amortization	79.3	76.3	317.1	309.5
EBITDA	\$ 751.7	\$ 533.4	\$ 3,545.0	\$ 3,155.9
Severance and other	47.3	-	47.3	-
Impairment	15.5	-	15.5	-
Loss on divestiture	-	-	-	111.9
Adjusted EBITDA	\$ 814.5	\$ 533.4	\$ 3,607.8	\$ 3,267.8
% to net sales:				
EBITDA	14.4%	11.2%	16.0%	15.8%
Adjusted EBITDA	15.6%	11.2%	16.3%	16.4%
Net sales for EBITDA % calculation	\$ 5,230.5	\$ 4,762.1	\$ 22,148.9	\$ 19,944.6