



SHERWIN-WILLIAMS.

4Q and Full Year 2023 Results

January 25, 2024

Forward-Looking Statements

This presentation contains "forward-looking statements," as defined under U.S. federal securities laws, with respect to sales, earnings and other matters. Forward-looking statements can be identified by the use of forward-looking words such as "believe," "expect," "estimate," "may," "will," "should," "project," "could," "would," "plan," "goal," "target," "potential," "seek," "intend," "aspire," "strive" or "anticipate" or the negative thereof or comparable words. Any statements that refer to expectations, projections or other characterizations of future events or conditions, are forward-looking statements. Forward-looking statements are based upon management's 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 subject to risks, uncertainties and other factors, many of which are outside the control of the Company and actual results may differ materially from such statements and from the Company's historical performance, results and experience. These risks, uncertainties and other factors include such things as: general business conditions, including strength of retail and manufacturing economies and growth in the coatings industry; adverse changes in general economic conditions, including the inflationary environment, global credit markets, and currency fluctuations; any disruption in the availability of, or increases in the price of, raw material and energy supplies; catastrophic events, natural disasters or public health crises; losses of or changes in the Company's relationships with customers and suppliers; the Company's ability to successfully compete and integrate past and future acquisitions; the Company's ability to achieve expected benefits of restructuring and productivity initiatives; cybersecurity incidents and other disruptions to our information technology systems and operations; the Company's ability to protect our reputation, image and brands by successfully managing real or perceived issues, including successfully enforcing our intellectual property rights; the Company's ability to attract and retain a qualified global workforce; compliance with current, new and evolving federal, state and local laws and regulations in multiple jurisdictions; the Company's ability to execute on our business strategies related to environmental, social, and governance matters, and achieve related expectations; the nature, cost, quantity and outcome of pending and future litigation and other claims; and other risks, uncertainties and factors described from time to time in the Company's reports filed with the Securities and Exchange Commission. 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.

2023 Full Year Financial Performance Highlights

(\$ in millions, except per share data)	2023	2022	% Change
Sales	\$23,051.9	\$22,148.9	4.1%
Gross Profit	\$10,758.1	\$9,325.1	15.4%
<i>Gross Margin</i>	<i>46.7%</i>	<i>42.1%</i>	<i>+460 bps</i>
Reported EPS	\$9.25	\$7.72	19.8%
Adjusted EPS ⁽¹⁾	\$10.35	\$8.73	18.6%
EBITDA ⁽¹⁾	\$4,149.9	\$3,545.0	17.1%
<i>% of Sales</i>	<i>18.0%</i>	<i>16.0%</i>	<i>+200 bps</i>
Net Operating Cash	\$3,521.9	\$1,919.9	83.4%

- Sales increased 4.1% driven by effective pricing and a LSD contribution from acquisitions, net of divestitures
- Gross margin expanded to 46.7% and into our current targeted range of 45% – 48%
- Year-over-year segment margin expansion in Paint Stores Group and Performance Coatings Group
- Adjusted EPS increased 18.6% to \$10.35/share
- EBITDA grew 17.1% to \$4.1 billion, or 18.0% of sales
- Net operating cash grew significantly to \$3.5 billion driven by net income growth and strong working capital management
- Returned \$2.1 billion to shareholders through dividends and share repurchases
- Continued SG&A investments in customer-focused solutions and growth initiatives

4Q 2023 Financial Performance Highlights

(\$ in millions, except per share data)	4Q 2023	4Q 2022	% Change
Sales	\$5,252.2	\$5,230.5	0.4%
Gross Profit	\$2,548.7	\$2,233.8	14.1%
<i>Gross Margin</i>	<i>48.5%</i>	<i>42.7%</i>	<i>+580 bps</i>
Reported EPS	\$1.39	\$1.48	-6.1%
Adjusted EPS ⁽¹⁾	\$1.81	\$1.89	-4.2%
EBITDA ⁽¹⁾	\$722.9	\$751.7	-3.8%
<i>% of Sales</i>	<i>13.8%</i>	<i>14.4%</i>	<i>-60 bps</i>
Net Operating Cash	\$918.6	\$641.0	43.3%

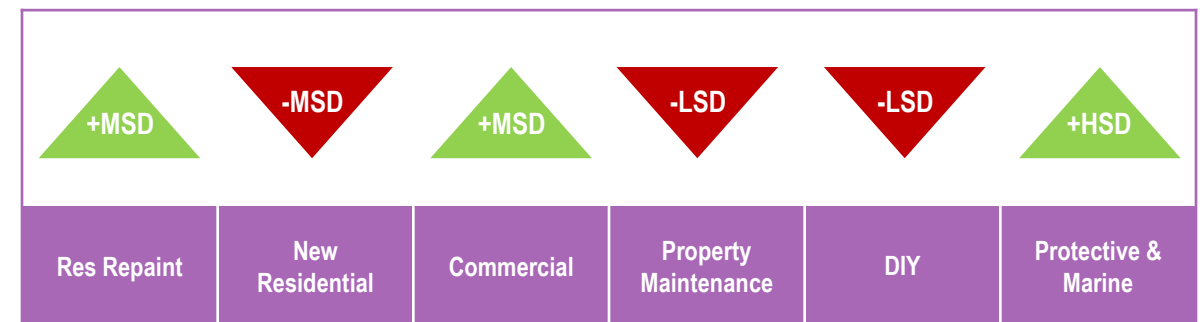
- Sales increased 0.4% with price and volume essentially flat, acquisitions and divestitures offsetting each other and favorable foreign exchange
- Significant year-over-year improvement in gross margin, driven by moderating raw material costs
- Adjusted EPS decreased 4.2% to \$1.81/share
- Generated \$918.6 million of net operating cash, compared to \$641.0 million in prior-year fourth quarter
- Returned \$641.3 million to shareholders through dividends and share repurchases
- Continued SG&A investments in customer-focused solutions and growth initiatives

Paint Stores Group (PSG)

- Sales increased 2.3% against a 15.7% comparison, driven by volume growth
 - Sales growth led by Protective & Marine, Commercial and Residential Repair
 - Property Maintenance down against a challenging comparison
 - New Residential down as expected but continuing to outperform the market
 - DIY down as consumer remains under pressure and against tough comps
- Continued accelerated investments in growth and customer service
- Segment margin expanded to 19.3% driven by volume growth and moderating raw material costs
- Announced 5% price increase effective February 1, 2024, related to escalating wages and other non-raw material costs



(\$ in millions)	4Q 2023	4Q 2022	% Change
Sales	\$2,944.6	\$2,877.0	2.3%
Segment Profit	\$567.3	\$494.0	14.8%
Segment Margin	19.3%	17.2%	+210 bps



4Q-23 sales vs. 4Q-22 sales

Note: The Americas Group became Paint Stores Group effective January 1, 2023 to reflect realignment of management and reporting of Latin America architectural business to Consumer Brands Group. 4Q Paint Stores Group results reflect this change in both years.
 Note: All comparisons are to the fourth quarter of the prior year, unless otherwise noted.
 Note: LSD/MSD/HSD = low, mid or high single digit %. DD = double digit %.

Consumer Brands Group (CBG)

- Sales decreased 7.1% driven by lower volumes and divestitures
 - North America DIY consumer remained under pressure; continued growth in Pros Who Paint category
 - Continued strength in Europe and Latin America
- Continued investments in growth and customer services
- Reported and adjusted segment margin negatively impacted by lower sales volume and higher non-operating costs



(\$ in millions)	4Q 2023	4Q 2022	% Change
Sales	\$692.3	\$745.6	-7.1%
Reported Segment Profit	\$3.6	\$35.1	-89.7%
<i>Reported Segment Margin</i>	<i>0.5%</i>	<i>4.7%</i>	<i>-420 bps</i>
Adjusted Segment Profit ⁽¹⁾	\$74.7	\$95.0	-21.4%
<i>Adjusted Segment Margin</i>	<i>10.8%</i>	<i>12.7%</i>	<i>-190 bps</i>



4Q-23 sales vs. 4Q-22 sales

Note: Consumer Brands Group 4Q results in both years reflect the inclusion of the Latin America architectural business, which was previously reported in The Americas Group (now known as Paint Stores Group).

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

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

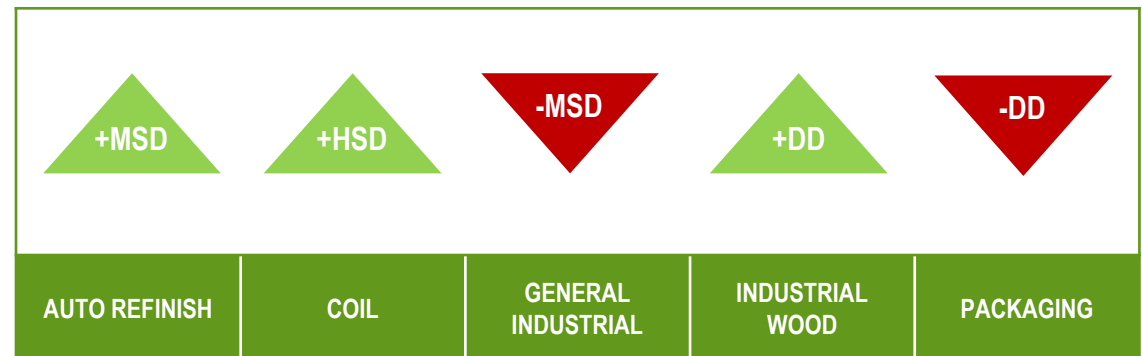
(1) This is a non-GAAP financial measure. Adjusted segment profit equals Segment profit excluding the impact of acquisition-related amortization expense, an impairment charge related to trademarks in Europe and expenses related to the significant devaluation of the Argentine Peso in December; reconciliation from segment profit to adjusted segment profit provided in Appendix.

Performance Coatings Group (PCG)

- Sales up slightly (+0.4%) – growth from acquisitions and favorable foreign exchange partially offset by choppy demand resulting in lower volume
- LDD growth in Europe, LSD growth in Latin America, LSD decline in Asia Pacific and MSD decline in North America
- Sales growth led by Industrial Wood, including acquisitions, followed by Coil and Auto Refinish
- Sales decreased in General Industrial and Packaging – lower demand in all regions
- Continued investments in technical service reps
- Adjusted segment margin expanded to 17.3% driven by moderating raw material costs and pricing discipline



(\$ in millions)	4Q 2023	4Q 2022	% Change
Sales	\$1,614.2	\$1,607.4	0.4%
Reported Segment Profit	\$220.3	\$157.3	40.1%
<i>Reported Segment Margin</i>	13.6%	9.8%	+380 bps
Adjusted Segment Profit ⁽¹⁾	\$278.7	\$229.0	21.7%
<i>Adjusted Segment Margin</i>	17.3%	14.2%	+310 bps



4Q-23 sales vs. 4Q-22 sales

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

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

(1) This is a non-GAAP financial measure. Adjusted segment profit equals Segment profit excluding the impact of acquisition-related amortization expense, expenses related to the significant devaluation of the Argentine Peso in December and restructuring costs; reconciliation from segment profit to adjusted segment profit provided in Appendix.

Guidance

First Quarter 2024

Sales

- Up or down low-single-digit percentage
- **Segments**
 - *PSG: up low to mid-single-digit percentage*
 - *CBG: up or down low-single-digit percentage*
 - *PCG: down low-single-digit percentage*

Full Year 2024

Sales

- Up low to mid-single-digit percentage
- Foreign Exchange: < -1.0%
- **Segments**
 - *PSG: up low to mid-single-digit percentage*
 - *CBG: up or down low-single-digit percentage*
 - *PCG: flat to up low-single-digit percentage*

GAAP Earnings Per Share: \$10.05-\$10.55

- Includes acquisition-related amortization expense of \$0.80 per share
- Adjusted earnings per share: \$10.85-\$11.35

Raw materials: down low-single-digit percentage

Capital expenditures: approximately \$605 million total, includes \$135 million for new R&D facility

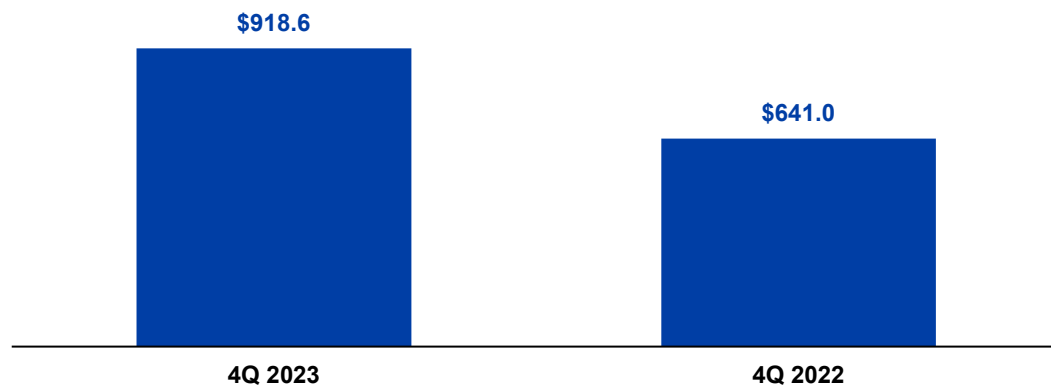
Interest expense: approximately \$425 million

Depreciation (~\$300 million) and **amortization** (~\$330 million)

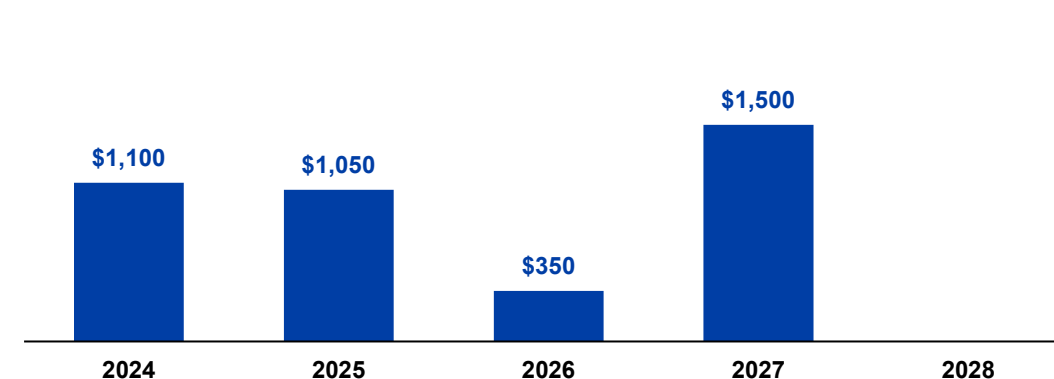
Tax rate: low 20s percent

Strong Financial Position

Operating Cash Flow (\$ in millions)



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



Cash & Liquidity Position (\$ in millions)

	12/31/2023
Cash	\$276.8
<u>Liquidity</u>	
Total Credit Facilities	\$3,750.0
(Less Amount Utilized)	(417.7)
Net Credit Available	\$3,332.3

Selected Financial Ratios

	12/31/2023
Total Debt / TTM EBITDA ⁽²⁾	2.4x
Net Debt / TTM EBITDA ⁽²⁾	2.3x

Appendix

SHERWIN-WILLIAMS.



Enterprise Strategic Priorities



Talent & Culture



Supply Chain Resilience



Above Market Growth



Digitization



Simplification



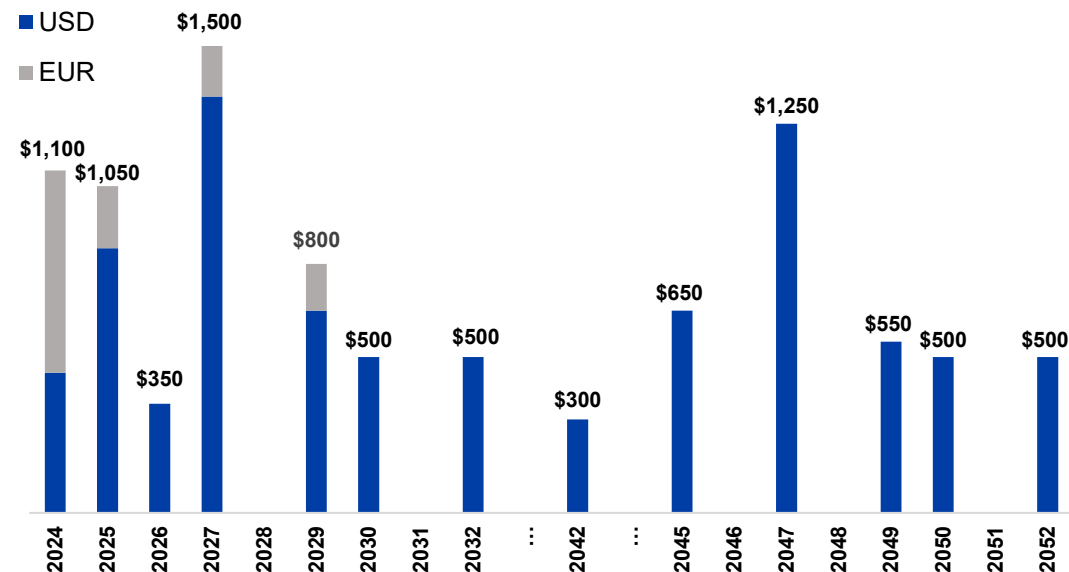
Sustainability

Continue Driving Profitable Growth While Investing in Our Business

Debt Summary (as of December 31, 2023)

\$ in millions	12/31/2023		
	Balance	Int. Rate	
Short-Term:			
Domestic	\$ 347.7	5.51%	
Non-Domestic:	26.5	3.55%	
Total Short-Term Borrowings	\$ 374.2	5.37%	
Long-Term:			
7-year, 3.125% notes due ⁽¹⁾	2024	500.0	1.39%
2-year, 4.05% notes due ⁽¹⁾	2024	600.0	3.70%
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 ⁽¹⁾	2025	400.0	3.62%
10-year, 3.95% notes due	2026	350.0	3.95%
10-year, 3.45% notes due ⁽¹⁾	2027	1,500.0	3.32%
10-year, 2.95% notes due ⁽¹⁾	2029	800.0	2.70%
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%
Promissory Notes	Various	0.9	3.47%
Other ⁽²⁾		(74.2)	0.00%
Total LT Debt	\$ 9,476.7	3.38%	
Total Debt	\$ 9,850.9	3.45%	

Maturities of Long-Term Debt



Fixed vs. Floating Rate Debt



Regulation G Reconciliation: Adjustments to Segment Profit – 4Q & Full Year

(\$ in millions)	Three Months Ended December 31, 2023					Three Months Ended December 31, 2022				
	Paint Stores Group	Consumer Brands Group	Performance Coatings Group	Admin	Consolidated	Paint Stores Group	Consumer Brands Group	Performance Coatings Group	Admin	Consolidated
Net external sales	\$ 2,944.6	\$ 692.3	\$ 1,614.2	\$ 1.1	\$ 5,252.2	\$ 2,877.0	\$ 745.6	\$ 1,607.4	\$ 0.5	\$ 5,230.5
Segment profit (as reported)	567.3	3.6	220.3	(317.2)	474.0	494.0	35.1	157.3	(191.5)	494.9
% of sales (as reported)	19.3%	0.5%	13.6%	NM	9.0%	17.2%	4.7%	9.8%	NM	9.5%
<u>Items Related to Restructuring Plan</u>										
Severance and other	-	-	-	-	-	-	25.6	22.2	-	47.8
Impairment of assets related to China divestiture	-	-	-	-	-	-	-	-	-	-
Gain on divestiture of domestic aerosol business	-	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	15.5	-	-	15.5
Total	-	-	-	-	-	-	41.1	22.2	-	63.3
<u>Other Adjustments</u>										
Impairment related to trademarks	-	23.9	-	-	23.9	-	-	-	-	-
Devaluation of the Argentine Peso	-	30.8	11.0	-	41.8	-	-	-	-	-
Acquisition-related amortization ⁽¹⁾	-	16.4	47.4	-	63.8	-	18.8	49.5	-	68.3
Total other adjustments	-	71.1	58.4	-	129.5	-	18.8	49.5	-	68.3
Segment Profit (as Adjusted)	\$ 567.3	\$ 74.7	\$ 278.7	\$ (317.2)	\$ 603.5	\$ 494.0	\$ 95.0	\$ 229.0	\$ (191.5)	\$ 626.5
% of sales (as adjusted)	19.3%	10.8%	17.3%	NM	11.5%	17.2%	12.7%	14.2%	NM	12.0%
(\$ in millions)	Year Ended December 31, 2023					Year Ended December 31, 2022				
	Paint Stores Group	Consumer Brands Group	Performance Coatings Group	Admin	Consolidated	Paint Stores Group	Consumer Brands Group	Performance Coatings Group	Admin	Consolidated
Net external sales	\$ 12,839.5	\$ 3,365.6	\$ 6,843.1	\$ 3.7	\$ 23,051.9	\$ 11,963.3	\$ 3,388.4	\$ 6,793.5	\$ 3.7	\$ 22,148.9
Segment profit (as reported)	2,860.8	309.3	991.6	(1,051.8)	3,109.9	2,348.1	314.2	734.9	(824.1)	2,573.1
% of sales (as reported)	22.3%	9.2%	14.5%	NM	13.5%	19.6%	9.3%	10.8%	NM	11.6%
<u>Items Related to Restructuring Plan</u>										
Severance and other	-	14.2	(0.2)	1.3	15.3	-	25.6	22.2	-	47.8
Impairment of assets related to China divestiture	-	6.9	-	27.1	34.0	-	-	-	-	-
Gain on divestiture of domestic aerosol business	-	-	-	(20.1)	(20.1)	-	-	-	-	-
Impairment	-	-	-	-	-	-	15.5	-	-	15.5
Total	-	21.1	(0.2)	8.3	29.2	-	41.1	22.2	-	63.3
<u>Other Adjustments</u>										
Impairment related to trademarks	-	23.9	-	-	23.9	-	-	-	-	-
Devaluation of the Argentine Peso	-	30.8	11.0	-	41.8	-	-	-	-	-
Acquisition-related amortization ⁽¹⁾	-	69.3	196.8	-	266.1	-	76.2	200.1	-	276.3
Total other adjustments	-	124.0	207.8	-	331.8	-	76.2	200.1	-	276.3
Segment Profit (as Adjusted)	\$ 2,860.8	\$ 454.4	\$ 1,199.2	\$ (1,043.5)	\$ 3,470.9	\$ 2,348.1	\$ 431.5	\$ 957.2	\$ (824.1)	\$ 2,912.7
% of sales (as adjusted)	22.3%	13.5%	17.5%	NM	15.1%	19.6%	12.7%	14.1%	NM	13.2%

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

	Three Months Ended December 31, 2023			Three Months Ended December 31, 2022			Year Ended December 31, 2023			Year Ended December 31, 2022		
	Tax			Tax			Tax			Tax		
	Pre-Tax	Effect ⁽¹⁾	After-Tax	Pre-Tax	Effect ⁽¹⁾	After-Tax	Pre-Tax	Effect ⁽¹⁾	After-Tax	Pre-Tax	Effect ⁽¹⁾	After-Tax
Diluted net income per share			\$ 1.39			\$ 1.48			\$ 9.25			\$ 7.72
Items related to Restructuring Plan:												
Severance and other	\$ -	\$ -	-	\$ 0.18	\$ 0.03	0.15	\$ 0.06	\$ 0.02	0.04	\$ 0.18	\$ 0.03	0.15
Impairment of assets related to China divestiture	-	-	-	-	-	-	0.13	0.08	0.05	-	-	-
Gain on divestiture of domestic aerosol business	-	-	-	-	-	-	(0.08)	(0.02)	(0.06)	-	-	-
Discrete income tax expense related to China divestiture ⁽¹⁾	-	-	-	-	-	-	-	(0.06)	0.06	-	-	-
Impairment	-	-	-	0.06	0.01	0.05	-	-	-	0.06	0.01	0.05
Total	-	-	-	0.24	0.04	0.20	0.11	0.02	0.09	0.24	0.04	0.20
Impairment related to trademarks	0.09	0.02	0.07	-	-	-	0.09	0.02	0.07	-	-	-
Devaluation of the Argentine Peso	0.16	-	0.16	-	-	-	0.16	-	0.16	-	-	-
Acquisition-related amortization expense ⁽²⁾	0.25	0.06	0.19	0.26	0.05	0.21	1.03	0.25	0.78	1.06	0.25	0.81
Total other items	0.50	0.08	0.42	0.26	0.05	0.21	1.28	0.27	1.01	1.06	0.25	0.81
Adjusted diluted net income per share			<u>\$ 1.81</u>			<u>\$ 1.89</u>			<u>\$ 10.35</u>			<u>\$ 8.73</u>

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

(\$ in millions)	Three Months Ended December 31, 2023	Three Months Ended December 31, 2022	Year Ended December 31, 2023	Year Ended December 31, 2022
Net income	\$ 356.2	\$ 386.3	\$ 2,388.8	\$ 2,020.1
Interest expense	94.6	108.3	417.5	390.8
Income taxes	117.8	108.6	721.1	553.0
Depreciation	74.3	69.2	292.3	264.0
Amortization	80.0	79.3	330.2	317.1
EBITDA	<u>\$ 722.9</u>	<u>\$ 751.7</u>	<u>\$ 4,149.9</u>	<u>\$ 3,545.0</u>
Restructuring expense	-	47.3	9.6	47.3
Impairment related to Restructuring Plan	-	15.5	34.0	15.5
Gain on divestiture of domestic aerosol business	-	-	(20.1)	-
Impairment related to trademarks	23.9	-	23.9	-
Devaluation of the Argentine Peso	41.8	-	41.8	-
Adjusted EBITDA	<u>\$ 788.6</u>	<u>\$ 814.5</u>	<u>\$ 4,239.1</u>	<u>\$ 3,607.8</u>
% to net external sales:				
EBITDA	13.8%	14.4%	18.0%	16.0%
Adjusted EBITDA	15.0%	15.6%	18.4%	16.3%
Net external sales for EBITDA % calculation	\$ 5,252.2	\$ 5,230.5	\$ 23,051.9	\$ 22,148.9