

29-Apr-2025

# The Sherwin-Williams Co. (SHW)

Q1 2025 Earnings Call

## CORPORATE PARTICIPANTS

### James R. Jaye

Senior Vice President-Investor Relations & Corporate Communications,  
The Sherwin-Williams Co.

### Heidi G. Petz

Chair, President and Chief Executive Officer, The Sherwin-Williams Co.

### Allen Joseph Mistysyn

Senior Vice President-Finance & Chief Financial Officer, The Sherwin-Williams Co.

---

## OTHER PARTICIPANTS

### John P. McNulty

Analyst, BMO Capital Markets Corp.

### Michael Sison

Analyst, Wells Fargo Securities LLC

### Vincent Stephen Andrews

Analyst, Morgan Stanley & Co. LLC

### Ghansham Panjabi

Analyst, Robert W. Baird & Co., Inc.

### Patrick Cunningham

Analyst, Citigroup Global Markets, Inc.

### Duffy Fischer

Analyst, Goldman Sachs & Co. LLC

### John Roberts

Analyst, Mizuho Securities USA LLC

### Chris Parkinson

Analyst, Wolfe Research LLC

### Aleksey Yefremov

Analyst, KeyBanc Capital Markets, Inc.

### Arun Viswanathan

Analyst, RBC Capital Markets LLC

### Jeffrey J. Zekauskas

Analyst, JPMorgan Securities LLC

### Gregory Scott Melich

Analyst, Evercore ISI

### Steve Byrne

Analyst, BofA Securities, Inc.

### Chuck Cerankosky

Analyst, Northcoast Research Partners LLC

### Kevin W. McCarthy

Analyst, Vertical Research Partners LLC

### Joshua Spector

Analyst, UBS Securities LLC

### Michael J. Harrison

Analyst, Seaport Research Partners

### Garik Shmois

Analyst, Loop Capital Markets LLC

### Aron Ceccarelli

Analyst, Joh. Berenberg, Gossler & Co. KG (United Kingdom)

### Michael Leithead

Analyst, Barclays Capital, Inc.

### Eric Bosshard

Analyst, Cleveland Research Co. LLC

### Laurence Alexander

Analyst, Jefferies LLC

### Emily Fusco

Analyst, Deutsche Bank Securities, Inc.

## MANAGEMENT DISCUSSION SECTION

**Operator:** Good morning. Thank you for joining The Sherwin-Williams Company's Review of First Quarter 2025 Results and our Outlook for the Second Quarter and Full Year of 2025.

With us on today's call are Heidi Petz, Chair, President and CEO; Al Mistysyn, Chief Financial Officer; Paul Lang, Chief Accounting Officer; and Jim Jaye, Senior Vice President, Investor Relations and Communications.

This conference call is being webcast simultaneously in listen-only mode by Issuer Direct via the Internet at [www.sherwin.com](http://www.sherwin.com). An archived replay of this webcast will be available at [www.sherwin.com](http://www.sherwin.com) beginning approximately two hours after this conference call concludes.

This conference call will include certain forward-looking statements as defined under the US federal securities laws with respect to sales, earnings and other matters. Any forward-looking statement speaks only as of the date of 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. A full declaration regarding forward-looking statements is provided in the company's earnings release transmitted earlier this morning. After the company's prepared remarks, we will open the session to questions.

I will now turn the call over to Jim Jaye.

---

### James R. Jaye

*Senior Vice President-Investor Relations & Corporate Communications, The Sherwin-Williams Co.*

Thank you, and good morning to everyone. Sherwin-Williams continued to execute our strategy and delivered solid first quarter results with the demand environment remaining challenging as we expected. On a year-over-year basis, consolidated sales were within our guided range, with growth in Paint Stores Group offset by softness in our other two segments.

Gross margin and gross profit dollars expanded. SG&A decreased due to continued good spending control. EBITDA margin in dollars expanded and adjusted earnings per share grew by 3.7% to \$2.25 a share. We also continued to execute our disciplined capital allocation strategy, investing \$352 million in share repurchases, increasing our dividend by 10%.

Let me now turn it over to Heidi, who will provide some additional color on the first quarter before moving on to our outlook and your questions.

---

### Heidi G. Petz

*Chair, President and Chief Executive Officer, The Sherwin-Williams Co.*

Thank you, Jim, and good morning to everyone. I want to begin by thanking our 64,000 global employees for their sheer determination and willingness to solve challenges as we navigate a wide variety of near-term pressures. We're staying true to our strategy, which is continuing to deliver innovative solutions for our customers, which makes them more productive and profitable. We expected and prepared for a bumpy 2025, and we are executing our playbook as planned.

Looking at our specific results in the quarter, I'll begin with the Paint Stores Group. Sales grew by a low-single-digit percentage with price/mix up by mid-single-digits and volume down low-single-digits. The price/mix component includes our January 2025 price increase, which is ramping up as expected, along with the residual impact of our February 2024 increase. We would expect the contribution of price to be lower going forward as we have now annualized the February 2024 increase.

Protective and marine grew fastest in the quarter and increased by a high-single-digit percentage, driven by oil and gas, water and wastewater, high performance flooring and high-value infrastructure projects. In Residential Repaint, sales increased by a mid-single-digit percentage despite continued softness in existing home sales as our prior growth investments continued to deliver a return. New residential increased by a low single-digit percentage as we continued to secure incremental relationship with new customers. Commercial and property maintenance sales remained under pressure as expected, given weak commercial construction completion and delayed CapEx spending. We expanded segment margin by 120 basis points, 18.4% while continuing to invest in growth by opening 18 new stores in the quarter.

Consumer Brands Group sales were within our expected range. More than half of the decrease was due to unfavorable FX, with the remainder driven mainly by soft DIY demand in North America. Despite the lower sales, adjusted segment margin expanded to 21.3%. The improvement in adjusted segment margins was due to supply chain efficiencies and continued discipline in controlling general and administrative expenses while maintaining investments to support our customers' growth.

I also want to reiterate how excited we are about the Suvinil acquisition we announced during the quarter. We expect this transaction to close in the second half of this year. Suvinil is a market leader with multiple profitable growth opportunities and is run by an outstanding management team. I'm confident it will be a great addition to the Consumer Brands Group and an excellent complement to our existing Latin America business.

Performance Coatings Group sales were below our expectations. FX, price/mix and volume all decreased by low single-digit percentages, but were partially offset by a low single-digit contribution from acquisitions. Regionally, Europe and North America decreased by mid-single-digit percentages. Asia and Latin America decreased by low single-digit percentages.

From a division perspective, packaging was a bright spot in the quarter with high single-digit growth driven by new accounts and the recapture of temporarily lost share. Coil sales were down, but recovered meaningfully in March after a slow start, and we still project full year growth for this business. Industrial wood sales were down against a strong prior year comparison that included an acquisition.

General Industrial, our largest division, remained under pressure as expected, with softness in heavy equipment demand. Auto refinish also remained under pressure, although negative FX accounted for almost half of the decline we saw in the quarter. We are encouraged by meaningful new account wins in this business, which are currently being more than offset by softness in core accounts driven by lower insurance claims.

SG&A expense in the segment decreased by a low single-digit percentage due to good cost control. Adjusted segment margin decreased 60 basis points, 16.5% due to lower sales.

And before moving on to our outlook, I would also like to note the good work being done in our administrative function to control costs, where SG&A was down a mid-teens percentage in the quarter, partially offset by higher non-operating costs. Our continued focus on simplification and digitization should continue to drive further efficiencies over time.

During our last two conference calls, we communicated that we expected demand in most of our end markets to remain choppy at least through the first half of 2025 with some not likely to gain momentum until 2026. We are seeing this play out with some additional uncertainty in the market related to tariffs.

We also communicated that we are well positioned to outperform the market and that we are highly confident in the clarity of our strategy and importantly, our team's deep experience and ability to out execute in this environment.

With regard to tariffs, I'll remind you that approximately 80% of our consolidated revenue is in the United States with less than 2% in China. In addition, the vast majority of our raw materials are sourced in the region where we are manufacturing. Whenever there is disruption, there is significant opportunity to demonstrate what makes Sherwin-Williams so unique. We are determined to expand our competitive moat in the current environment.

Moving on to our specific outlook. The slide deck issued with this morning's press release includes our expectations for consolidated and segment sales for the second quarter of 2025. Additionally, we are reaffirming the full year sales and earnings per share guidance we provided in January.

The other data points we've provided at that time also remain unchanged. As is typical, we'll be able to provide an updated full year outlook in July when we have a better view of how the paint and coating season is unfolding along with potentially greater clarity on the trajectory of the global economy overall.

We know there's a lot of uncertainty in the market right now. What is certain, is our strategy, our resolve, and our ability to assess, adapt and pivot regardless of the obstacles in front of us through the pandemic, an industry-wide supply chain crisis, and record inflation to name just a few. We've demonstrated our ability to deliver in up cycles, down cycles and now a choppy cycle. We have a strong track record of delivering for our customers and ultimately for our shareholders.

We continue to operate with confidence, accountability and our success by design mindset. We are aligned on aggressively pursuing above-market growth, making targeted investments that deliver a clear return, controlling general and administrative spending and executing on our enterprise priorities. And above all, we are focused on being the source of stability, predictability and reliability for our customers, providing them with solutions that increase their productivity and profitability.

This concludes our prepared remarks. With that, I'd like to thank you for joining us this morning, and we'll be happy to take your questions.

## QUESTION AND ANSWER SECTION

**Operator:** Certainly. Everyone, at this time, we'll be conducting a question-and-answer session. [Operator Instructions] Your first question is coming from John McNulty from BMO. Your line is live.

**John P. McNulty**

*Analyst, BMO Capital Markets Corp.*

Q

Yeah. Good morning. Thanks for taking my question. A question on the pricing environment and tariffs. It sounds like you have relatively low exposure from a tariff perspective. If you do start to see raw materials inching up at all in small parts of your basket, do you feel like you have an ability to put that pricing through? And I know normally, you don't tend to raise price during the kind of heart of the paint season. But if tariffs warrant that, is that something that you would consider as we look through 2025? Thanks.

**James R. Jaye**

*Senior Vice President-Investor Relations & Corporate Communications, The Sherwin-Williams Co.*

A

Hey John. Good morning. This is Jim. Let me take a run at that first and maybe talk about raws in general and then turn to AI to answer some of the additional parts of your question. So, if we look at our first quarter of 2025, raws were flat year-over-year. With the tariffs starting to come into place, our second quarter guide for raws is going to be a little bit higher than we initially thought as those tariffs start to go into effect this past month here.

For 2025, we're still in the range, as you saw in our slide deck, where our raws are going to be up a low single-digit percentage but I would say more likely at the higher end of that low single digits. And the tariffs, to your point, most of our raw materials are in the region that we're manufacturing, but we are seeing some impact mainly on areas like applicators, a little bit on pigment and extenders, a little bit on industrial resins is where we're seeing it, a little bit on packaging as well. So, those are the areas, but overall, the materiality of it is something that we can manage. I'll ask AI maybe to add a little color to that as well.

**Allen Joseph Mistysyn**

*Senior Vice President-Finance & Chief Financial Officer, The Sherwin-Williams Co.*

A

Yeah, John, this is AI. We're looking at the tariffs like we look at other cost basket increases. We try to push back as much as we can. We look for offsets. And then if we believe the tariffs are lasting, we will go out and have – had the discipline in the past to go out with additional price increases.

To your point, it would not be ideal to go out in the summer. But if you go back a couple years when we're seeing hyperinflation in 2020, 2021, 2022, we did go out during the summer. But again, we have additional levers. We're not sitting idle. We have additional levers to pull to help offset tariffs and other increases in costs and the continued choppiness in demand. And Heidi mentioned it, simplification and digitization in our opening remarks. We've been open about, we've invested heavily in modernizing our systems and expanding our digital capabilities. And you're starting to see the returns on that in our first quarter.

You look at our admin segment. SG&A was down mid-teens but it's not an allocation to the other segments. That is us getting the efficiencies out of the investments in systems. We also took – you saw, we took a small charge, onetime charge, in our first quarter. So, we continue to look for opportunities to rightsize our footprint, whether that's on the manufacturing side or in our SG&A and you'll see that continue through our second quarter as we continue to look for opportunities to improve our efficiencies that will help our second half.

The last thing I would comment on, other levers. You look at our travel and entertainment, we've been very tight on that. Our third-party investments or consultants, we've been very tight on that, and that's from work done over the last year. And then we'll continue to look at cash conservation. We're taking a hard look at our CapEx to get cash out of that as the year progresses without impacting Statesville manufacturing or our warehouse automation. And then finally, we're taking a hard look at our working capital, inventory, AP and driving cash out of that so we can reinvest back in our stock.

**Operator:** Thank you. Your next question is coming from Mike Sison from Wells Fargo. Your line is live.

**Michael Sison**

*Analyst, Wells Fargo Securities LLC*

Q

Hey. Good morning. Great start to the year. I had a follow-up question on price/mix for the stores, up mid-single digits. Was that mostly price or if it's maybe half-half with mix, or what is that mix component to the – to that equation?

**Allen Joseph Mistysyn**

*Senior Vice President-Finance & Chief Financial Officer, The Sherwin-Williams Co.*

A

Yeah, Mike, it was predominantly price and I give the Stores team a lot of credit. They really did a great job coming into this price increase, giving our customers enough lead time before the increase was implemented. They did additional training in the field, which provided a strong and better effectiveness this year versus last year.

If you recall, we talked last year about we were up 0.5%, which was split evenly between price and volume. So, we got off to a little bit slower start on price effectiveness last year, and it ramped up as we got through the second quarter and into our third quarter.

And again, I think they did a really nice job of making sure the price went in and it was effective. The mix side of that is as res-paint is growing at a mid-single-digit percentage, which is absolutely taking market share in a down market that has a positive mix shift relative to the other segments like commercial and property maintenance. So, that would be the mix side of it, but it was predominantly price.

**James R. Jaye**

*Senior Vice President-Investor Relations & Corporate Communications, The Sherwin-Williams Co.*

A

Thank you, Mike.

**Operator:** Thank you. Your next question is coming from Vincent Andrews from Morgan Stanley. Your line is live.

**Vincent Stephen Andrews**

*Analyst, Morgan Stanley & Co. LLC*

Q

Thank you. Could you talk a little bit more about COGS and gross margins just because you had volume down across the three segments? You said raws were flat but the cost performance kind of looks better than that with no diseconomies from the volume and no benefits from raws and the margins were up.

So is there anything else in there that we should be thinking about? And likewise on the SG&A, it was down in the first quarter, but you're still projecting it up low single digits for the full year. Were you flexing that a little bit in the first quarter, just given the volume challenges and maybe that has to be made up later in the year? What was the cadence of that going to look like?

---

**Allen Joseph Mistysyn**

*Senior Vice President-Finance & Chief Financial Officer, The Sherwin-Williams Co.*

A

Yeah, Vincent, on the gross margin, the selling price increase certainly in Paint Stores Group had a predominant effect on that. And as Paint Stores Group grows faster than the other segments, it does lift our gross margin. And then we also had supply chain efficiencies in the quarter.

I think the team, through the continuous improvement work they're doing, the simplification work they're doing is really finding their stride, if you will, that as we get increased volume they're able to drive efficiencies through our operations. So, those would be the three main drivers there.

On SG&A, I think we didn't flex – I wouldn't say we flexed our SG&A down specifically in the first quarter. I think when we go back to July of last year and look – when we're looking at the first half of 2025 and the full year 2025, we understood that we'd be under continued pressure from a demand environment.

So, we proactively attacked SG&A on all fronts across all segments and including admin and you're seeing the results of that. That being said, we're going to continue to add 80 to 100 stores. We're going to continue to add the reps associated with that and strategic investments across the other segments that over the course of the year, you're going to see some of that pick up.

We'll give you a better view of the second half in July when we have a better view of the demand environment. And as we typically have done, if we believe demand is going to be stronger or our gross margin is going to be stronger, you can guarantee that we'll flex our selling customer-facing investments in the second half accordingly as we have typically done in the past. But again, we'll give you an update on that in July.

---

**James R. Jaye**

*Senior Vice President-Investor Relations & Corporate Communications, The Sherwin-Williams Co.*

A

Thank you, Vincent.

---

**Operator:** Thank you. Your next question is coming from Ghansham Panjabi from Baird. Your line is live.

---

**Ghansham Panjabi**

*Analyst, Robert W. Baird & Co., Inc.*

Q

Hi. Good morning. How do you expect the new residential end market to play out for you as the year unfolds? In context of many of the major homebuilders lowering their expectations versus a few months back, but I think you also mentioned incremental share gains and so on. So, just curious how that nets out for you. Thank you.

---

**Heidi G. Petz**

*Chair, President and Chief Executive Officer, The Sherwin-Williams Co.*

A

Yeah. Good morning, Ghansham. This is Heidi. I think you said it well. The long-term is absolutely solid. I think, we've continued to not only have a strong position, but gained position in these challenging times within this segment, that's been working in different ways to strengthen partnerships with some of these customers that are

also not only solving for affordability but really looking to simplify their product offering, et cetera. So, the depth of the partnership, I think, has never been in a better place.

Our focus on incremental partnerships obviously continues to be where we're looking. But at the end of the day, we are all watching the same things here, the 30-year mortgage rate, still staying in that 6.5% to 7% range. And so, while builders continue to offer incentives and solve for affordability, I think we're in a position here where we're going to continue to partner in new ways with them so that when the market does recover, they're in the best position to grow and grow in a good cost position.

---

**James R. Jaye**

*Senior Vice President-Investor Relations & Corporate Communications, The Sherwin-Williams Co.*

A

Thanks, Ghansham.

---

**Operator:** Thank you. Your next question is coming from Patrick Cunningham from Citi. Your line is live.

---

**Patrick Cunningham**

*Analyst, Citigroup Global Markets, Inc.*

Q

Hi. Good morning. Just on the continued strength in res repaint, can you comment on underlying market trends, backlogs? And any concerns with pressure on the consumer and maybe the thing that people aren't talking about as much, immigration policy?

---

**Heidi G. Petz**

*Chair, President and Chief Executive Officer, The Sherwin-Williams Co.*

A

Yeah. The res repaint segment continues to be a bright spot for us here as well. Obviously, the market you categorized, I think, very appropriately, which is flat and certainly choppy. And this is a really good example, and AI mentioned earlier, where we're disciplined in laying in the SG&A. We continue to lay that in ahead of the curve, as we like to say, so that we're in the best position to capture share as we are right now. I would say the backlog overall, the sentiment is positive relative to activity, with the caveat that these tend to be a bit smaller in project size, but still the activity is strong and growing.

Overall, this is an area where as we continue to try to work hard to bring these contractors in, finding new ways to partner with the contractors that are coming in new to res repaint, making sure that our teams are trained, prepared, understanding how to leverage the data that we own, how they're trained and prepared to put the right products in the hands of these contractors to help them get on and off of job sites faster so that they can be as productive as possible.

And your point on immigration and labor, it's not new for us that we're continuing to focus on our value proposition here, which is simply to help these crews get on and off of job sites faster. So, helping to solve for productivity is at the core of what we're trying to do with this segment and all segments. But this is a good example. There's a lot of growth opportunity for us here. It's a growing segment and where we have a lot of market share upside to be gained here.

---

**James R. Jaye**

*Senior Vice President-Investor Relations & Corporate Communications, The Sherwin-Williams Co.*

A

Thank you, Patrick.

**Operator:** Thank you. Your next question is coming from Duffy Fischer from Goldman Sachs. Your line is live.

**Duffy Fischer**

*Analyst, Goldman Sachs & Co. LLC*

Q

Yeah. Good morning. Just trying to understand a little bit better the interplay between the pricing cadence this year and the cost cadence. So, normally, I think you guys would talk about getting more of an announced price increase in Q2 of the year it's announced. It sounds like you got more than normal in Q1. Does that mean that there's still pricing going higher sequentially? And is that pricing high enough to offset or even do better than the cost it's going to increase sequentially?

**Allen Joseph Mistysyn**

*Senior Vice President-Finance & Chief Financial Officer, The Sherwin-Williams Co.*

A

Yeah, Duffy. I would say that there's still more room to run on the price increase effectiveness. That being said, I think we got out ahead of it a little bit more in this go-around than we did a year ago. If it's enough, it depends on, I guess, how well we can offset the different impacts on the tariffs and how long we expect those to continue. And that will – and as we typically do and look at our total cost basket, we'll look at as much as we can offset it. And if we don't think we can offset 100% of it, then we will have to look out for another price increase.

But I think to be determined is the answer to that because it's still volatile. The tariff today may not be the tariff a week from today. And we don't want to get too far ahead of ourselves either. That being said, I mean, outside of Paint Stores, there's other price increase going in, in the different segments to help offset that total cost basket that we talked about in January.

**James R. Jaye**

*Senior Vice President-Investor Relations & Corporate Communications, The Sherwin-Williams Co.*

A

Thank you, Duffy.

**Operator:** Thank you. Your next question is coming from John Roberts from Mizuho. Your line is live.

**John Roberts**

*Analyst, Mizuho Securities USA LLC*

Q

Yeah. Thank you. Could you talk about the high single-digit growth in protective and marine? PPG kept that part of their North American architectural business. So, is there some disruption going on that's allowing you to take some share there?

**Heidi G. Petz**

*Chair, President and Chief Executive Officer, The Sherwin-Williams Co.*

A

Absolutely. There are a few things that we mentioned this earlier in our prepared remarks. The high-single-digit, I'm very pleased with the team's execution here in a choppy environment. So, oil and gas, water, wastewater, we've obviously talked about our high-performance floor covering where we've got an industry-leading portfolio as a result of some acquisitions there. So, yes, I do think that we are gaining strength and gaining momentum in this business and plan to continue to be very aggressive here.

John, I'd also tell you that there's a good pipeline of projects here. The timing is often hard to predict from local projects with a simple solution, that we're looking more for speed of service all the way up to larger mega projects where we can really put forward a simpler, faster and safer solution that no one else can do at scale, I think, puts

us in a really unique position to continue to leverage the momentum that's behind us. And again, great work by the team, head down and focused on taking share.

**James R. Jaye**

*Senior Vice President-Investor Relations & Corporate Communications, The Sherwin-Williams Co.*

A

Thank you, John.

**Operator:** Thank you. Your next question is coming from Christopher Parkinson from Wolfe Research. Your line is live.

**Chris Parkinson**

*Analyst, Wolfe Research LLC*

Q

Great. Thank you so much. Can we take a step back and just look at PCG, just given everything that's going on in the world? And just perhaps just a quick comment or two on Wood Refinish, P&M. Just where you think the opportunities are intermediate to long-term, and what perhaps you're watching just given the macro volatility? Thank you so much.

**Heidi G. Petz**

*Chair, President and Chief Executive Officer, The Sherwin-Williams Co.*

A

Yeah. Chris, I mentioned P&M briefly a moment ago, but on refinish, just remind you, half of that is FX related. So, the team has been laser-focused on new accounts, installations, share of wallet, obviously, not enough today to cover up for some of the core business, but no one is immune from what's happening relative to some of the claims. But the determination of the team, I think, is on display here. And I would expect and you should expect to continue to see that play out.

If I go around general industrial, we've mentioned that's certainly the business that's been under pressure. We expect that to continue to be under pressure. Heavy equipment, transportation demand continues to be soft. The team is out every day demonstrating the value proposition that we bring to these customers.

Coil, AI mentioned earlier, and packaging, certainly a lot of momentum relative to the continued focus on for coil, new business wins have been very positive and offsetting a flat – core flat market, and we'll continue to see. As we've gone through the quarter, with some momentum in March, we expect full year growth ahead there.

Packaging, we hit on, and I think the fact that we're not only gaining and winning here, but making sure that some of the temporary share that we lost for bit it is coming back into Sherwin-Williams has been a fantastic pickup.

And then industrial wood, we often talk about, as you know, this correlates pretty closely to our US new residential kind of segment. So, while that data continues to be choppy, it seems really focused again on new accounts, getting in front of more customers and share of wallet, so we can continue to focus on offsetting some of the softness in that core.

But by and large, I think if you look in aggregate, there's some really good things happening in the portfolio. And again, I give the team a lot of credit. We knew what we were coming into in this year. And while the core health is not – the core market is not where we want them to be, the team has done a really nice job focusing on new wins to offset that strain.

**James R. Jaye**

*Senior Vice President-Investor Relations & Corporate Communications, The Sherwin-Williams Co.*

A

Thank you, Chris.

**Operator:** Thank you. Your next question is coming from Aleksey Yefremov from KeyBanc. Your line is live.

**Aleksey Yefremov**

*Analyst, KeyBanc Capital Markets, Inc.*

Q

Thanks. Good morning. I wanted to come back to the consumer question, it was in PSG. Your res repaint performance has been very solid and steady. But are you hearing like how are consumers reacting to current uncertainty? What's happening underneath with the market itself? Any comments there?

**Heidi G. Petz**

*Chair, President and Chief Executive Officer, The Sherwin-Williams Co.*

A

Well, I'll start and hand it over to AI here. There's certainly still a pretty flat market. I think generally, by and large, this obviously ties a lot to existing home sales. People are still interested and willing to spruce up their homes with a project that's more affordable, more attainable, so Paint itself tends to be still in a very strong position. I think, the underlying market continues to be choppy.

But some of the work that we've done, not only to secure our position and outpacing the market, to your point, in addition to all the things I mentioned before relative to our controlled model, the data that we own, we can be very smart and surgical in terms of how we're engaging these customers, meeting them where they're at, helping them think about how they're going to continue to grow their business, whether it's leveraging innovations that we're bringing to them while they're in the home painting walls, we've launched our gallery series, I'll remind you, which was a factory finish on cabinets, trim and millwork.

We've since – because that has taken off so well, we've since gone back and brought more of a total system for these contractors when they're in someone's home that they can do everything, the total system from primers all the way to top coat, so that they can be as productive as possible. So, it's how we're approaching a flat market, making sure that our team and these contractors have the right tools to be as productive as possible.

**James R. Jaye**

*Senior Vice President-Investor Relations & Corporate Communications, The Sherwin-Williams Co.*

A

Yes, this is Jim. Just to add maybe a little bit on the industrial side as well. I think Heidi said it well in the prepared remarks. We're seeing a little bit of that consumer behavior in the auto refinish piece, where people are perhaps delaying a repair on their vehicle. We're absolutely going after new accounts, market share to offset that. But right now, the consumer is a little bit wait and see a bit there. But overall, I think you've got other pressures as well around credit card debt, things like that. So, the consumer is still a little bit of challenging place, but our model and the value prop that we bring is allowing us to have, in some cases, record new account activity in some of our business.

**Heidi G. Petz**

*Chair, President and Chief Executive Officer, The Sherwin-Williams Co.*

A

One other piece here, too. This is an area where the scale that we have in some of our segments really allows us to offset some of that underlying softness or consumer hesitation. So, I think, res repaint is a great example of that as well.

**Aleksey Yefremov**

*Analyst, KeyBanc Capital Markets, Inc.*



Thanks a lot.

**Operator:** Thank you. Your next question is coming from Arun Viswanathan from RBC Capital Markets. Your line is live.

**Arun Viswanathan**

*Analyst, RBC Capital Markets LLC*



Great. Thanks for taking my question. Congrats on the progress in Q1. Good quarter in a challenging environment. So, I guess just curious on that, how did March shape up? And how is – how did April shape up as well? I know there was a little bit colder weather in January and February, which maybe led to weaker-than-expected results. So, was March actually quite strong? And did that carry into April, and that kind of gives you the confidence to reiterate the full year in the face of all this volatility? Maybe you can just comment on some kind of near-term trends, what you're seeing. Thanks.

**Allen Joseph Mistysyn**

*Senior Vice President-Finance & Chief Financial Officer, The Sherwin-Williams Co.*



Yeah, Arun, I'll start with April and work my way back. I think April has started where we expected it to start and within our guide for 2Q. March got better but when – March was better than January, February, but when I look at the first quarter and we had comments last year about whether, I mean, the reality is Southeast division, Southwest division is our two largest divisions.

And if there was going to be a weather impact on a small quarter like our first quarter. It'd be those two divisions that would be laggards in the quarter. And I would say, when you look at their performance, they were at/or above the overall Paint Stores Group performance. So, I don't want to suggest that weather had any impact on our first quarter, nor do I think it has an impact on our second quarter.

**James R. Jaye**

*Senior Vice President-Investor Relations & Corporate Communications, The Sherwin-Williams Co.*



Thanks, Arun.

**Operator:** Thank you. Your next question is coming from Jeff Zekauskas from JPMorgan. Your line is live.

**Jeffrey J. Zekauskas**

*Analyst, JPMorgan Securities LLC*



Thanks very much. I think mortgage rates are now something like 6.8%, and builders get a lot of their metal fittings from China. Lumber prices are higher. Do you have a general assessment of the inflation of building costs and whether that will make a difference? Are higher mortgage rates making a difference to the building market?

And then maybe to ask Arun's question in a different way, was April up or down low single digits in sales? Which one?

**Heidi G. Petz**

*Chair, President and Chief Executive Officer, The Sherwin-Williams Co.*



So Jeff, why don't I start just from a homebuilder standpoint relative to the sentiment for both tariffs and rates. I think, obviously, the biggest catalyst will be any movement in rates, by and large, it's held to be true for everybody. But relative to tariffs, the largest concern that we're hearing from our customers is – are things related to steel and aluminum.

So, if you think HVAC systems, garage doors, window frames, those are the areas that – where they're most concerned. But then it goes back to Al's point and Jim's point earlier, how, I think, by and large, everyone is looking at input costs in total and where we can help offset simplification comes in to solve for affordability. So, those would be the biggest areas of concerns to the homebuilder's perspective.

---

**Allen Joseph Mistysyn**

*Senior Vice President-Finance & Chief Financial Officer, The Sherwin-Williams Co.*

A

Yeah, Jeff. You know we're not going to give you an up or down for April. Just historically, we've not done that. We're pleased with how April starts has started within our expectations and within our guide for the second quarter. On the higher mortgage rates, what we had talked about on our first quarter call – or our January call also is that life goes on. People are continuing getting married. I saw household formations were over 1.25 million recently. People are having children. So, they're looking at other options for better affordability. It might be a smaller home. It might be a smaller lot. It might be in a different school district than they want it.

But I think what – as the mortgage rates continue to stay at a higher level and existing homes inventory doesn't grow, the next logical place is to go see if we can build a new home or fit into a home that's already built and just waiting to be sold. So, I think there's those types of things going on every day. We keep talking about that. Ideally, we see interest rates get – we don't – I don't think we need to get them back to 5%, 5.5%. We saw a lot of movement when they got closer to 6% to 6.5% because that pent-up demand is so strong. So, I don't think people are going to just wait until mortgage rates drop to 5%.

---

**James R. Jaye**

*Senior Vice President-Investor Relations & Corporate Communications, The Sherwin-Williams Co.*

A

Thank you, Jeff.

---

**Operator:** Thank you. Your next question is coming from Greg Melich from Evercore. Your line is live.

---

**Gregory Scott Melich**

*Analyst, Evercore ISI*

Q

Hi, thanks. I wanted to dig a little deeper on the gross margin expansion. So, I guess in the first quarter, over 100 basis points, but raws were still tame. And now if they're going to rise a little bit more and we get less benefit from price going forward, should we expect the first quarter to have been the biggest expansion in gross margin? Or are there other things that work that could help us through the year?

---

**Allen Joseph Mistysyn**

*Senior Vice President-Finance & Chief Financial Officer, The Sherwin-Williams Co.*

A

Yes. There's other things, Greg, that can and will help us through the year as we talk about simplification and some of the other self-help levers that were – have pulled or are looking to pull on our second quarter. Part of what you see on a year-over-year change, and I talked about this in January, we're expecting to see a similar type of margin improvement in our second half as we saw in our first half.

I think you're seeing a little bit more of an improvement year-over-year in our first quarter just because last year, our first quarter was our smallest gross margin performance, and then it improved as the year went on. So, yes, you're probably going to see our first quarter being the largest improvement, but part of that's history. Part of that is, and we'll talk about our second quarter, I know we didn't give a sales breakout, but expecting price to be similar in our second quarter on a consolidated basis as it was in our first quarter because of additional price increases across the other two segments, that will help. Yes, Paint Stores will not have as big of a tailwind in the second quarter as the first quarter but there is also other price going in across the other segments.

**James R. Jaye**

*Senior Vice President-Investor Relations & Corporate Communications, The Sherwin-Williams Co.*

A

Thank you, Greg.

**Operator:** Thank you. Your next question is coming from Steve Byrne from Bank of America. Your line is live.

**Steve Byrne**

*Analyst, BofA Securities, Inc.*

Q

Guys, thank you. If we just look at the last month in your resi repaint volumes, what would you estimate when, the paint contractors actually locked in that – those projects into their backlog, how long ago would that have been?

And can you comment on whether your resi repaint volumes in the quarter were up year-over-year? And what was the spread in your estimate versus the underlying market? What kind of a delta is that you're gaining share in resi repaint?

**Heidi G. Petz**

*Chair, President and Chief Executive Officer, The Sherwin-Williams Co.*

A

Yes. Steve, typically, the backlog, the sight line for res repaint would be between – in the four to six-week range. And so, I think that would be pretty consistent in terms of when they're planning, when we're – we've got sight line with them. In terms of the year-over-year dynamic, AI, I'll let you comment on that and jump in if I need to.

**Allen Joseph Mistysyn**

*Senior Vice President-Finance & Chief Financial Officer, The Sherwin-Williams Co.*

A

Yeah. I think based on our mid-single-digit performance on res repaint, we – our volumes were up. And you look at it flat to down-ish market, we're absolutely taking share in that low single-digit percentage. And it's really, Steve, the continued focus on making the right investments within our Paint Stores Group, predominantly in res repaint, both on stores and reps and driving that volume in a down margin, I continue to expect to see that as we go through the year.

**James R. Jaye**

*Senior Vice President-Investor Relations & Corporate Communications, The Sherwin-Williams Co.*

A

Thank you, Steve.

**Operator:** Thank you. Your next question is coming from Chuck Cerankosky from Northcoast Research. Your line is live.

**Chuck Cerankosky**

*Analyst, Northcoast Research Partners LLC*

Q

Good morning, everyone. Looking at the 18 store openings the Paint Stores Group had in the first quarter, that seems like a pretty good start to the year. What are you looking at for total openings this year? Where are they being built if there's any concentration and any staffing challenges as the stores open?

---

**Heidi G. Petz**

*Chair, President and Chief Executive Officer, The Sherwin-Williams Co.*

A

Yeah, Chuck, so 18 in the quarter, and we'll continue to be very focused on 80 to 100 throughout the year for the total annual number. In terms of kind of location, obviously, we won't get into where we're putting – laying those stores in. But the way that we approach that, and I know you're well aware of this, too, the algorithm that we really use to understand, not just where density is, but where density will be to make sure that we are intercepting the market at the right time to support our contractors as they're looking to do the exact same. So, it's very much based on where the volume and the density is and is going certainly across the country.

In terms of staffing, I would tell you, our turnover continues to be so our kind of our record low 7% to 9% in stores, we're really proud of how we hire, onboard, and retain and engage talent. A lot of focus and effort there from the Paint Stores' organization led by Justin Binns to make sure that we're doing just that.

We don't have an outlying problem candidly relative to making sure we get the right people. We've got the right resources focused on making sure we get the right type of talent in. And we once have them in, I'd point back to the low turnover as an indicator that not only do we have the right people but we're progressing the right talent throughout the organization.

---

**James R. Jaye**

*Senior Vice President-Investor Relations & Corporate Communications, The Sherwin-Williams Co.*

A

Thank you, Chuck.

---

**Operator:** Thank you. Your next question is coming from Kevin McCarthy from Vertical Research Partners. Your line is live.

---

**Kevin W. McCarthy**

*Analyst, Vertical Research Partners LLC*

Q

Yes, thank you and good morning. Heidi, one of the things that changed relative to last quarter is you announced in February an agreement to acquire BASF's architectural business in Brazil. So, in that context, I was wondering if you could talk a little bit about what appealed to you there and your strategic ambitions in LatAm?

And related to that, a couple of clarifications. When do you think that deal would close within the second half? And are you now including that in your guidance on slide 7 or is that excluded?

---

**Heidi G. Petz**

*Chair, President and Chief Executive Officer, The Sherwin-Williams Co.*

A

Yes. This Suvinil has been an asset that we've been looking at for quite some time, Kevin, and you can imagine the interest and appeal when this becomes available was pretty significant for a number of reasons. And I would start with, we've got a strong business already in Latin America with a fantastic team from Sherwin-Williams. And so, this became an obvious complement not only to the talent and the team, the brand, having a leading brand in Latin America clearly is a signal of high interest. We can be market leaders in a key market that's high interest to us. And so, it's a combination of not only the brand and the assets that come along with it, but fantastic leadership

team. In terms of the timing of close, I can't give you any more than we're targeting second half, which we're feeling very positive about, and it is currently not in the guidance as you see.

**James R. Jaye**

*Senior Vice President-Investor Relations & Corporate Communications, The Sherwin-Williams Co.*

A

And to add to that, Kevin, just thinking about the Brazil market for architectural as well, it's a large and growing market. The GDP, we've talked about Brazil GDP growing maybe around 1% over the last several years. Architectural coatings have been growing faster than that, and Suvinil has been growing even faster than that. So, we fully expect to continue accelerate that growth. And as Heidi mentioned, it's a great complement to what we're doing right now, Very little conflicts in terms of channels or brands or anything like that, fits very well together. Thanks for the question, Kevin.

**Operator:** Thank you. Your next question is coming from Josh Spector from UBS. Your line is live.

**Joshua Spector**

*Analyst, UBS Securities LLC*

Q

Yeah. Hi. Good morning. I wanted to ask about the timeline for share gains on commercial and the property maintenance side. You guys have been clear for a while that you're gaining share, but the flow-through there would be delayed. Is that something you'd see in the second half of this year, resulting in outperformance versus market? Or is that even longer term than that, that we should be thinking about?

**Heidi G. Petz**

*Chair, President and Chief Executive Officer, The Sherwin-Williams Co.*

A

Josh, you'll see some but it is longer term. And I'll point back to – obviously, there's, I would call this an unprecedented competitive landscape today. And so, the two segments that you spoke to typically tend to be larger, multiyear, in some cases, projects. And so, the timing of these will certainly reflect that. I would suspect that we'll be talking about this for the next 18 to 24 months.

**Allen Joseph Mistysyn**

*Senior Vice President-Finance & Chief Financial Officer, The Sherwin-Williams Co.*

A

Yeah, Josh, the only thing I would add is we have often talked about exclusive agreements, and we continue to monitor those and make sure we're gaining share there. So, even if the next commercial job started today, we're 12 to 18 months out before we get to painting. And then the other on the property maintenance side, any share gains that we've gotten are being masked by the core being backwards, especially with the higher interest rates that we have talked about and the lack of CapEx projects being completed.

**James R. Jaye**

*Senior Vice President-Investor Relations & Corporate Communications, The Sherwin-Williams Co.*

A

Thank you, Josh.

**Operator:** Thank you. Your next question is coming from Mike Harrison from Seaport Research Partners. Your line is live.

**Michael J. Harrison**

*Analyst, Seaport Research Partners*

Q

Hi. Good morning. Wanted to dig in a little bit further on the Suvnil acquisition. Was wondering, Heidi, if you can give us any early sense of how you might be thinking about operational synergies or potential cross-selling opportunities related to that acquisition, whether those would be in Brazil or maybe more broadly in other parts of South America. And then also, are there any investments that you might anticipate could be required as part of the integration process for Suvnil.

---

**Heidi G. Petz**

*Chair, President and Chief Executive Officer, The Sherwin-Williams Co.*

A

Yeah, great question. There's a few things here that I think just to step back and point to other areas that Sherwin-Williams has kind of done a nice job here. I'll point to the Valspar acquisition. And when I tell you that we're leveraging that playbook, that's probably an understatement. When you think about what it is and how we define value both on top line synergies, any operational opportunity, yes, you should expect that we'll be very aggressive on both fronts.

Obviously, I won't get into any of the details here, but I have a lot of confidence in our integration team and the combined leadership and their ability to make sure that we are laser-focused on business continuity, first and foremost, and through the lens of our customers and through the lens of employees. So, we'll be down that path here. The teams are already knee-deep.

In terms of investments, it's premature to comment on that. I think if anything, it's more opportunity for us to find ways to be more efficient and better together at this point.

---

**Allen Joseph Mistysyn**

*Senior Vice President-Finance & Chief Financial Officer, The Sherwin-Williams Co.*

A

Yeah, Mike. The only thing I would add to that is you've seen us have an appetite for investments in businesses that can grow above market, and we can get a return on that, and I'll point to packaging and the continued investments in capacity expansion. I'll point to coil, our continued investments in capacity expansion, where we're confident in the growth outlook, and we will absolutely get a return for those investments.

---

**James R. Jaye**

*Senior Vice President-Investor Relations & Corporate Communications, The Sherwin-Williams Co.*

A

Thank you, Mike.

---

**Operator:** Thank you. Your next question is coming from Garik Shmois from Loop. Your line is live.

---

**Garik Shmois**

*Analyst, Loop Capital Markets LLC*

Q

Hi. Thank you. I'm wondering if you're seeing anywhere that customers are taking on inventory ahead of the full tariff impacts, meaning are you seeing any pull forward of demand? Or conversely, is there any destocking to think about where customers are taking a more conservative view on how much inventory they're holding?

---

**Heidi G. Petz**

*Chair, President and Chief Executive Officer, The Sherwin-Williams Co.*

A

Not really, Garik. There's exceptions here or there by customer, by region. But by and large, I would tell you it's not material. And it's not an active conversation that we're having across the business units today.

**James R. Jaye**

*Senior Vice President-Investor Relations & Corporate Communications, The Sherwin-Williams Co.*

Thanks, Garik.

A

**Operator:** Thank you. Your next question is coming from Aron Ceccarelli from Berenberg. Your line is live.

**Aron Ceccarelli**

*Analyst, Joh. Berenberg, Gossler & Co. KG (United Kingdom)*

Hello. Good morning and thanks for the question. Good results. I have a question on PSG. You mentioned that the contribution from pricing in Q2 will be smaller. And the comparable base becomes a bit tougher in Q2. So, just trying to understand what do you expect volume growth to come back? Is it an acceleration from protective and marine and residential repaint? Or are you thinking about commercial or property maintenance or DIY starting to improve? Thank you.

Q

**Allen Joseph Mistysyn**

*Senior Vice President-Finance & Chief Financial Officer, The Sherwin-Williams Co.*

Yeah, Aaron, I think it's going to be the volume improvement. We'll continue to expect res repaint, we've got momentum in P&M, and we'd expect that volume to improve. I think, the only comment I would have on commercial and property maintenance is we don't expect them to get worse. So, as we continue to build on our wins in res repaint, as we continue to build on P&M, they'll help offset those volume declines more.

A

And then also, we've talked about this in January. New res kind of just plodding along, not getting worse, not getting tremendously better. And then we can see how that progresses through our second quarter, and that allow us to give you a better outlook for the full year on volumes.

**James R. Jaye**

*Senior Vice President-Investor Relations & Corporate Communications, The Sherwin-Williams Co.*

Thanks, Aaron.

A

**Operator:** Thank you. Your next question is coming from Mike Leithead from Barclays. Your line is live.

**Michael Leithead**

*Analyst, Barclays Capital, Inc.*

Great. Thanks. Good morning. On the outlook, I appreciate you don't give quarterly earnings guidance, but you are guiding sales essentially flat at the midpoint year-over-year for the second quarter. So, do you think you'll be able to grow earnings in that top line environment or the cost inflation items likely to preclude earnings growth in the second quarter?

Q

**Allen Joseph Mistysyn**

*Senior Vice President-Finance & Chief Financial Officer, The Sherwin-Williams Co.*

Yeah. Mike, you're right. We don't give quarterly guidance, but I will give you some color. I do expect, even with that flattish type of sales, that our adjusted operating margin, and when I say adjusted operating margin, I'm talking about our gross profit less SG&A, expect that margin to improve year-over-year at the midpoint. The price increases helping offset the total cost basket increases that we've talked about, the simplification efforts, the

A

digitization efficiencies that we're seeing that are allowing us to maintain a tight SG&A number even while investing in stores and reps. So, those all help.

As I talked about on January, though, we are going to have a significant headwind on nonoperating items due to the credits that we saw last year in both environmental, which I don't expect to repeat and the gain on sale of asset or disposition of assets. Those were roughly \$60 million that I just don't expect to repeat and will be difficult to get on top of when you look at our profit margin and/or our EPS.

That being said, depending on where Paint Stores Group is in the range of their sales, we could be better from an earnings standpoint, just because of their higher operating margin than the other segments. And we may get some benefit on admin on the continued cost consciousness that we have there.

---

**James R. Jaye**

*Senior Vice President-Investor Relations & Corporate Communications, The Sherwin-Williams Co.*

**A**

Thank you, Mike.

---

**Operator:** Thank you. Your next question is coming from Eric Bosshard from Cleveland Research. Your line is live.

---

**Eric Bosshard**

*Analyst, Cleveland Research Co. LLC*

**Q**

Thanks. AI, a point of clarification. You talked about the potential impact of tariffs and the potential mid for price. I'm just curious, and also the reality that tariff policy may change, likely will change in the weeks ahead. As we sit here today, is the impact of tariffs on raws sufficient to push the raw outlook above the original range?

---

**Allen Joseph Mistysyn**

*Senior Vice President-Finance & Chief Financial Officer, The Sherwin-Williams Co.*

**A**

No. It's not, Eric. And that's why when we talked earlier about evaluating our price. We're still within that raw material range in or the total cost basket range. And I think what I would just make a finer point on the price discussion as some of our businesses. You have to get kind of granular on where and how the tariffs are impacting what specific businesses and regions.

And so, I made a broad statement, hey, we likely will not have to – or we'll evaluate to see if we have to go out with additional price. Well, individual businesses may be out. And I don't want to get into the specifics of those, but we may have some businesses that have to go out sooner than later, because they're more impacted by the raw material environment, the tariff environment, and those other costs that we talk about that roll into our total cost basket.

---

**James R. Jaye**

*Senior Vice President-Investor Relations & Corporate Communications, The Sherwin-Williams Co.*

**A**

Thank you, Eric.

---

**Eric Bosshard**

*Analyst, Cleveland Research Co. LLC*

**Q**

Thank you.

**Operator:** Thank you. Your next question is coming from Laurence Alexander from Jefferies. Your line is live.

**Laurence Alexander**

*Analyst, Jefferies LLC*

Q

Good morning. Would you mind giving some detail around what you're seeing in terms of labor availability maybe by channel? And what that – is it getting easier to poach salespeople from competitors? And what does that imply for labor inflation this year?

**Heidi G. Petz**

*Chair, President and Chief Executive Officer, The Sherwin-Williams Co.*

A

Yes. Nothing significant, Laurence. I would tell you that obviously, everyone's looking at the same data. I'll go back to my earlier comment. When we think about how we source labor, we put a lot of time and effort into recruiting strategy and our talent acquisition team. We work really hard throughout the organization to make sure that we've got people that are placed in the right role at the right time, making sure that we're progressing talent through. I don't have a strong concern there in any regard.

One of the biggest areas of focus for the company, and this is maybe a bit more of a signal to our culture, as we talk a lot about this idea, we want our employees to understand that this – we want them to feel like this is – we are the employer of choice. We've got a program called Create Your Possible, where we really work hard to make sure that across our 64,000 global employees, they've got better sight line to all that's available and possible to them throughout the organization, not just within their geography or their business unit, so that we're really working hard to move talent around the organization.

So, getting them in is a really key focus, but making sure that we're engaging and retaining our talent is at the forefront of everything we do. In fact, of our 6 enterprise priorities that we have shared, the talent and culture is the ultimate enabler for us is making sure we can get accomplished all the things it is that we want to do.

**James R. Jaye**

*Senior Vice President-Investor Relations & Corporate Communications, The Sherwin-Williams Co.*

A

Thank you, Laurence.

**Operator:** Thank you. Your next question is coming from David Begleiter from Deutsche Bank. Your line is live.

**Emily Fusco**

*Analyst, Deutsche Bank Securities, Inc.*

Q

Hi. This is Emily Fusco on for David Begleiter. On the North American DIY, is weakness getting worse, given the pressure on the consumer? How do you see the rest of the year playing out?

**Heidi G. Petz**

*Chair, President and Chief Executive Officer, The Sherwin-Williams Co.*

A

Yeah, Emily, I wouldn't say it's getting worse, but I would go back and point to relative to DIY as a segment. This is a really important part of our long-term strategy, represents well over 30%, 35% of the available gallons. And so, I wouldn't say it's getting better, but I do – I would say it is still absolutely under pressure and bumping around a bit. Our partnerships that we have outside of our stores with some of our strategic partners are working fiercely on making sure that we can continue to stimulate demand and get people painting their walls more. So, any help you can provide, we'll take it.

**James R. Jaye**

*Senior Vice President-Investor Relations & Corporate Communications, The Sherwin-Williams Co.*

A

Yeah. Emily, I would just add to close it off, too. I mean, existing home sales, we've talked about is a driver on that DIY side as well. So, if we can see some uptick there, that would be helpful on the DIY demand. Thank you.

**Operator:** Thank you. That concludes our Q&A session. I will now hand the conference back to Jim Jaye for closing remarks. Please go ahead.

**James R. Jaye**

*Senior Vice President-Investor Relations & Corporate Communications, The Sherwin-Williams Co.*

Yes. Thank you, Matthew, and thanks, everybody, for joining our call. As we outlined today, we're continuing to operate here in a very choppy macro environment, and that's going to last, we assume, for the rest of the year. It's also an opportunity for Sherwin to demonstrate what makes us so unique. And our differentiated solutions are driving productivity and profitability for our customers. We are focused on being the source for stability, predictability and reliability. We're focused on what we can control, which is what you heard today, and we're going to continue to assess and adapt and pivot in this environment so we can do what we need to do to outperform the market.

And as AI mentioned, we've got a lot of different levers that we can pull as the conditions evolve. So, we feel very good about where we're positioned. We're going to continue to deliver shareholder value, take care of our customers, and we'll continue to execute at a high level. So, thank you again for joining us. Eric Swanson and myself will be available for your follow-up calls as always, and thanks for your interest in Sherwin.

**Operator:** Thank you, everyone. This concludes today's event. You may disconnect at this time, and have a wonderful day. Thank you for your participation.

**Disclaimer**

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2025 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.