



NEWS

The Sherwin-Williams Company • 101 W. Prospect Avenue • Cleveland, Ohio 44115 • (216) 566-2000

The Sherwin-Williams Company Reports 2025 First Quarter Financial Results

CLEVELAND, April 29, 2025 - The Sherwin-Williams Company (NYSE: SHW) announced its financial results for the first quarter ended March 31, 2025. All comparisons are to the first quarter of the prior year, unless otherwise noted.

SUMMARY

- Consolidated Net sales decreased 1.1% to \$5.31 billion in the quarter
 - Net sales from stores in the Paint Stores Group open more than twelve calendar months increased 1.2% in the quarter
- Diluted net income per share increased 1.5% to \$2.00 per share in the quarter compared to \$1.97 per share in the first quarter of 2024
 - Adjusted diluted net income per share increased 3.7% to \$2.25 per share in the quarter compared to \$2.17 per share in the first quarter of 2024
- Adjusted Earnings Before Interest, Taxes, Depreciation and Amortization (Adjusted EBITDA) in the quarter increased 4.6% to \$937.0 million, or 17.7% of Net sales
- Reaffirming full year 2025 diluted net income per share guidance in the range of \$10.70 to \$11.10 per share, including acquisition-related amortization expense of \$0.80 per share and severance and other restructuring expenses of \$0.15 per share
 - Reaffirming full year 2025 adjusted diluted net income per share guidance in the range of \$11.65 to \$12.05 per share

CEO REMARKS

“In a demand environment that remained choppy as we anticipated, Sherwin-Williams continued to execute our strategy and delivered solid first quarter results driven by gross margin expansion and good cost control,” said Chair, President and Chief Executive Officer, Heidi G. Petz. “Consolidated sales were within our guidance range, led by Paint Stores Group, and we delivered mid-single digit percentage growth in both adjusted diluted net income per share and adjusted EBITDA. We continued to execute our consistent capital allocation strategy and invested \$351.7 million in share repurchases and increased our dividend by 10.5% in the quarter.

“Paint Stores Group sales were driven by a high-single digit percentage increase in protective and marine. Residential repaint sales grew at a mid-single digit rate as our prior investments continued to deliver a strong return. New residential sales increased with continued above-market growth amidst a soft new housing market. As expected, commercial and property maintenance results were under pressure given weak commercial construction completions and delayed capex spending. Segment margin expanded while we continued to invest in growth, opening 18 new stores in the quarter. Consumer Brands Group sales declined given persistent softness in North American DIY demand and foreign exchange headwinds, though adjusted segment margin expanded due to good cost control. In Performance Coatings Group, Packaging sales grew by a high-single digit percentage. Sales decreased across our other industrial businesses, as new account wins were unable to fully offset softness in core accounts.”

FIRST QUARTER CONSOLIDATED RESULTS

	Three Months Ended March 31,			
	2025	2024	\$ Change	% Change
Net sales	\$ 5,305.7	\$ 5,367.3	\$ (61.6)	(1.1)%
Income before income taxes	\$ 653.0	\$ 640.0	\$ 13.0	2.0 %
<i>As a percent of Net sales</i>	<i>12.3%</i>	<i>11.9%</i>		
Net income per share - diluted	\$ 2.00	\$ 1.97	\$ 0.03	1.5 %
Adjusted net income per share - diluted	\$ 2.25	\$ 2.17	\$ 0.08	3.7 %

Consolidated Net sales decreased primarily due to an approximate 1% impact from unfavorable currency translation. Lower sales in the Performance Coatings and Consumer Brands Groups were partially offset by higher sales in the Paint Stores Group.

Income before income taxes increased primarily due to the realization of higher selling prices in the Paint Stores Group and effective cost control, partially offset by lower sales volumes in all segments.

Diluted net income per share included a charge of \$0.19 per share and \$0.20 per share for acquisition-related amortization expense in the first quarter of 2025 and 2024, respectively. In the first quarter of 2025, diluted net income per share also included a charge of \$0.06 per share related to severance and other restructuring expenses.

FIRST QUARTER SEGMENT RESULTS

Paint Stores Group (PSG)

	Three Months Ended March 31,			
	2025	2024	\$ Change	% Change
Net sales	\$ 2,939.8	\$ 2,873.0	\$ 66.8	2.3 %
<i>Same-store sales change ⁽¹⁾</i>	<i>1.2%</i>	<i>(0.1)%</i>		
Segment profit	\$ 541.2	\$ 493.2	\$ 48.0	9.7 %
<i>Reported segment margin</i>	<i>18.4%</i>	<i>17.2%</i>		

⁽¹⁾ Same-store sales represents Net sales from stores open more than twelve calendar months.

Net sales in PSG increased primarily due to selling price increases, which impacted Net sales by a mid-single digit percentage, partially offset by a low-single digit decrease in sales volume. Net sales increased in certain professional customer end markets, led by a high-single digit percentage increase in protective and marine and a mid-single digit percentage increase in residential repaint. PSG Segment profit increased primarily due to growth in Net sales, partially offset by higher employee-related costs.

Consumer Brands Group (CBG)

	Three Months Ended March 31,			
	2025	2024	\$ Change	% Change
Net sales	\$ 762.2	\$ 811.0	\$ (48.8)	(6.0)%
Segment profit	\$ 131.9	\$ 153.4	\$ (21.5)	(14.0)%
<i>Reported segment margin</i>	<i>17.3%</i>	<i>18.9%</i>		
Adjusted segment profit ⁽¹⁾	\$ 162.7	\$ 169.9	\$ (7.2)	(4.2)%
<i>Adjusted segment margin</i>	<i>21.3%</i>	<i>20.9%</i>		

⁽¹⁾ Adjusted segment profit equals Segment profit excluding the impact of Valspar acquisition-related amortization and severance and other restructuring expenses. In CBG, Valspar acquisition-related amortization expense was \$15.4 million and \$16.5 million in the first quarter of 2025 and 2024, respectively, and severance and other restructuring expenses were \$15.4 million in the first quarter of 2025.

Net sales in CBG decreased primarily as a result of soft DIY demand in North America and an approximate 3% impact from unfavorable currency translation driven by Latin America. CBG Segment profit decreased primarily due to lower Net sales, partially offset by effective cost control. Acquisition-related amortization expense reduced Segment profit as a percent of Net sales by 200 basis points in both the first quarter of 2025 and 2024. Severance and other restructuring expenses reduced Segment profit as a percent of Net sales by 200 basis points in the first quarter of 2025.

Performance Coatings Group (PCG)

	Three Months Ended March 31,			
	2025	2024	\$ Change	% Change
Net sales	\$ 1,602.0	\$ 1,681.9	\$ (79.9)	(4.8)%
Segment profit	\$ 212.7	\$ 237.7	\$ (25.0)	(10.5)%
<i>Reported segment margin</i>	<i>13.3%</i>	<i>14.1%</i>		
Adjusted segment profit ⁽¹⁾	\$ 264.7	\$ 286.9	\$ (22.2)	(7.7)%
<i>Adjusted segment margin</i>	<i>16.5%</i>	<i>17.1%</i>		

⁽¹⁾ Adjusted segment profit equals Segment profit excluding the impact of Valspar acquisition-related amortization and severance and other restructuring expenses. In PCG, Valspar acquisition-related amortization expense was \$48.1 million and \$49.2 million in the first quarter of 2025 and 2024, respectively, and severance and other restructuring expenses were \$3.9 million in the first quarter of 2025.

Net sales in PCG decreased primarily due to an approximate 3% impact from unfavorable currency translation driven by Latin America. A high-single digit increase in Packaging Net sales, inclusive of an acquisition, was offset by decreases in all other business units. PCG Segment profit decreased primarily as a result of lower Net sales. Acquisition-related amortization expense reduced Segment profit as a percent of Net sales by 300 basis points in both the first quarter of 2025 and 2024. Severance and other restructuring expenses reduced Segment profit as a percent of Net sales by 20 basis points in the first quarter of 2025.

LIQUIDITY AND CASH FLOW

The Company used \$61.1 million in Net operating cash during the first quarter of 2025 primarily as a result of seasonal increases in working capital requirements, partially offset by Net income. This Net operating cash usage was funded through an increase in Short-term borrowings. The Company returned cash of \$552.1 million to our shareholders in the form of dividends and repurchases of 1.0 million shares of its common stock during the first quarter of 2025. At March 31, 2025, the Company had remaining authorization to purchase 33.4 million shares of its common stock through open market purchases.

2025 GUIDANCE

	Second Quarter 2025		Full Year 2025
Net sales	Up or down low-single digit %		Up low-single digit %
Effective tax rate			Low twenty percent
Diluted net income per share		\$10.70	- \$11.10
Adjusted diluted net income per share ⁽¹⁾		\$11.65	- \$12.05

⁽¹⁾ Excludes \$0.80 per share of acquisition-related amortization expense and \$0.15 per share of severance and other restructuring expenses.

“We continue to expect demand softness to persist in several end markets well into the second half of the year,” said Ms. Petz. “Regarding current tariffs, it’s important to remember that the largest portion of our revenue is in the United States, and the majority of our raw materials are sourced in the regions where we manufacture. In a macro-economic environment that remains turbulent, we are focused on being a source of stability and reliability for our customers, providing them with differentiated solutions that increase their productivity and profitability. Our deep and experienced management team has navigated through several different operating cycles, and I have great confidence in our ability to assess, adapt and act decisively in order to outperform the market. We are aligned on aggressively pursuing growth opportunities, making targeted investments that deliver a clear return, controlling general and administrative spending and executing on our enterprise priorities.

“We expect second quarter 2025 consolidated net sales to be up or down a low-single digit percentage compared to the second quarter of 2024. Our guidance for the full year 2025 remains unchanged, with consolidated net sales expected to be up a low-single digit percentage compared to full year 2024 and diluted net income per share in the range of \$10.70 to \$11.10 per share, including acquisition-related amortization expense of \$0.80 per share and severance and other restructuring expenses of \$0.15 per share, compared to \$10.55 per share in 2024. Full year 2025 adjusted diluted net income per share is expected to be in the range of \$11.65 to \$12.05 per share compared to \$11.33 per share in 2024, an increase of 4.6% at the mid-point. We expect to provide an update on our full year guidance when we report our second quarter results in July.”

CONFERENCE CALL INFORMATION

The Company will host a conference call to discuss its financial results for the first quarter, and its outlook for the second quarter and full year 2025, at 10:00 a.m. EDT on Tuesday, April 29, 2025. Heidi G. Petz, Sherwin-Williams’ Chair, President and Chief Executive Officer, along with other senior executives, will participate on the call.

The conference call will be webcast simultaneously in listen only mode. To listen to the webcast on the Sherwin-Williams website, click on <https://investors.sherwin-williams.com/financials/quarterly-results/>, then click on the webcast icon following the reference to the Q1 webcast. An archived replay of the webcast will be available at <https://investors.sherwin-williams.com/financials/quarterly-results/> beginning approximately two hours after the call ends.

ABOUT THE SHERWIN-WILLIAMS COMPANY

Founded in 1866, The Sherwin-Williams Company is a global leader in the manufacture, development, distribution and sale of paint, coatings and related products to professional, industrial, commercial and retail customers. The Company manufactures products under well-known brands such as Sherwin-Williams®, Valspar®, HGTV HOME® by Sherwin-Williams, Dutch Boy®, Krylon®, Minwax®, Thompson's® WaterSeal®, Cabot® and many more. With global headquarters in Cleveland, Ohio, Sherwin-Williams® branded products are sold exclusively through a chain of more than 5,400 Company-operated stores and branches, while the Company's other brands are sold through leading mass merchandisers, home centers, independent paint dealers, hardware stores, automotive retailers and industrial distributors. The Sherwin-Williams Performance Coatings Group supplies a broad range of highly-engineered solutions for the construction, industrial, packaging and transportation markets in more than 120 countries around the world. Sherwin-Williams shares are traded on the New York Stock Exchange (symbol: SHW). For more information, visit www.sherwin.com.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained in this press release constitute “forward-looking statements” within the meaning of federal securities laws. These forward-looking statements are based upon management’s current expectations, predictions, estimates, assumptions and beliefs concerning future events and conditions and may discuss, among other things, anticipated future performance (including sales and earnings), expected growth, future business plans and the costs and potential liability for environmental-related matters and lead pigment and lead-based paint litigation. Any statement that is not historical in nature is a forward-looking statement and may be identified by the use of words and phrases such as “anticipate,” “aspire,” “believe,” “could,” “estimate,” “expect,” “goal,” “intend,” “may,” “plan,” “potential,” “project,” “seek,” “should,” “strive,” “target,” “will,” or “would,” or the negative thereof or comparable terminology.

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 our control, that could cause actual results to differ materially from such statements and from our historical results, performance and experience. These risks, uncertainties and other factors include such things as: general business and economic conditions in the United States and worldwide; inflation rates, interest rates, unemployment rates, labor costs, healthcare costs, recessionary conditions, geopolitical conditions, terrorist activity, armed conflicts and wars, public health crises, pandemics, outbreaks of disease and supply chain disruptions; shifts in consumer behavior driven by economic downturns in cyclical segments of the economy; shortages and increases in the cost of raw materials and energy; catastrophic events, adverse weather conditions and natural disasters (including those that may be related to climate change); the loss of any of our largest customers; increased competition or failure to keep pace with developments in key competitive areas of our business; cybersecurity incidents and other disruptions to our information technology systems; our ability to attract, retain, develop and progress a qualified global workforce; our ability to successfully integrate past and future acquisitions into our existing operations; risks and uncertainties associated with our expansion into and our operations in Asia, Europe, South America and other foreign markets; policy changes affecting international trade, including import/export restrictions and tariffs; our ability to achieve our strategies or expectations relating to sustainability considerations, including as a result of evolving legal, regulatory, and other standards, processes and assumptions, the pace of scientific and technological developments, increased costs, the availability of requisite suppliers, energy sources, or financing, and changes in carbon markets; damage to our business, reputation, image or brands due to negative publicity; the infringement or loss of our intellectual property rights or the theft or unauthorized use of our trade secrets or other confidential business information; a weakening of global credit markets or changes to our credit ratings; our ability to generate cash to service our indebtedness; fluctuations in foreign currency exchange rates and changing monetary policies; our ability to comply with a variety of complex U.S. and non-U.S. laws, rules and regulations; increases in tax rates, or changes in tax laws or regulations; our ability to comply with numerous, complex and increasingly stringent domestic and foreign health, safety and environmental (including related to climate change and chemical management) laws, regulations and requirements; our liability related to environmental investigation and remediation activities at some of our currently- and formerly-owned sites; the nature, cost, quantity and outcome of pending and future litigation, including lead pigment and lead-based paint litigation; and the other risk factors discussed in Part 1, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2024 and our other reports filed with the SEC.

Readers are cautioned that it is not possible to predict or identify all of the risks, uncertainties and other factors that may affect future results and that 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 we undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as otherwise required by law.

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The Sherwin-Williams Company and Subsidiaries
Statements of Consolidated Income (Unaudited)
(in millions, except per share data)

	Three Months Ended March 31,	
	2025	2024
Net sales	\$ 5,305.7	\$ 5,367.3
Cost of goods sold	2,746.6	2,836.3
Gross profit	2,559.1	2,531.0
<i>As a percent of Net sales</i>	48.2 %	47.2 %
Selling, general and administrative expenses	1,793.8	1,799.8
<i>As a percent of Net sales</i>	33.8 %	33.5 %
Other general expense - net	8.9	2.0
Interest expense	103.8	103.0
Interest income	(3.3)	(6.1)
Other expense (income) - net	2.9	(7.7)
Income before income taxes	653.0	640.0
Income taxes	149.1	134.8
Net income	<u>\$ 503.9</u>	<u>\$ 505.2</u>
Net income per common share:		
Basic	\$ 2.02	\$ 2.00
Diluted	\$ 2.00	\$ 1.97
Weighted average shares outstanding:		
Basic	249.4	252.5
Diluted	252.5	255.8

The Sherwin-Williams Company and Subsidiaries
Business Segments (Unaudited)
(millions of dollars)

	2025		2024	
	Net Sales	Segment Profit (Loss)	Net Sales	Segment Profit (Loss)
Three Months Ended March 31:				
Paint Stores Group	\$ 2,939.8	\$ 541.2	\$ 2,873.0	\$ 493.2
Consumer Brands Group	762.2	131.9	811.0	153.4
Performance Coatings Group	1,602.0	212.7	1,681.9	237.7
Administrative	1.7	(232.8)	1.4	(244.3)
Consolidated totals	<u>\$ 5,305.7</u>	<u>\$ 653.0</u>	<u>\$ 5,367.3</u>	<u>\$ 640.0</u>

The Sherwin-Williams Company and Subsidiaries
Condensed Consolidated Balance Sheets (Unaudited)
(millions of dollars)

	March 31,	
	2025	2024
Assets		
Current assets:		
Cash and cash equivalents	\$ 199.8	\$ 179.9
Accounts receivable, net	2,813.1	2,809.1
Inventories	2,515.2	2,378.0
Other current assets	511.6	475.4
Total current assets	6,039.7	5,842.4
Property, plant and equipment, net	3,663.4	3,008.8
Goodwill	7,708.4	7,621.4
Intangible assets	3,493.4	3,777.5
Operating lease right-of-use assets	1,972.9	1,878.9
Other assets	1,758.3	1,299.1
Total assets	<u>\$ 24,636.1</u>	<u>\$ 23,428.1</u>
Liabilities and Shareholders' Equity		
Current liabilities:		
Short-term borrowings	\$ 1,798.5	\$ 1,256.3
Accounts payable	2,512.9	2,453.9
Compensation and taxes withheld	566.7	560.2
Accrued taxes	225.9	240.0
Current portion of long-term debt	1,150.8	1,349.1
Current portion of operating lease liabilities	470.1	454.0
Other accruals	1,151.8	1,170.0
Total current liabilities	7,876.7	7,483.5
Long-term debt	7,827.1	8,129.5
Postretirement benefits other than pensions	120.7	133.2
Deferred income taxes	586.0	666.3
Long-term operating lease liabilities	1,573.4	1,495.1
Other long-term liabilities	2,522.1	2,016.8
Shareholders' equity	4,130.1	3,503.7
Total liabilities and shareholders' equity	<u>\$ 24,636.1</u>	<u>\$ 23,428.1</u>

Regulation G Reconciliations

Management of the Company utilizes certain financial measures that are not in accordance with U.S. generally accepted accounting principles (US GAAP) to analyze and manage the performance of the business. Management provides non-GAAP information in reporting its financial results to give investors additional data to evaluate the Company's operations. Management does not, nor does it suggest investors should, consider such non-GAAP measures in isolation from, or in substitution for, financial information prepared in accordance with US GAAP.

Management believes that investors' understanding of the Company's operating performance is enhanced by the disclosure of diluted net income per share excluding Valspar acquisition-related amortization and certain other adjustments. Valspar acquisition-related amortization expense is excluded from diluted net income per share due to its significance as a result of the purchase price assigned to finite-lived intangible assets at the date of acquisition and the related impact on underlying business performance and trends. While these intangible assets contribute to the Company's revenue generation, the related revenue is not excluded. This adjusted earnings per share measurement is not in accordance with US GAAP. It should not be considered a substitute for earnings per share computed in accordance with US GAAP and may not be comparable to similarly titled measures reported by other companies. The following tables reconcile diluted net income per share computed in accordance with US GAAP to adjusted diluted net income per share.

	Three Months Ended March 31, 2025			Year Ending December 31, 2025 (after-tax guidance)	
	Pre-Tax	Tax Effect ⁽¹⁾	After- Tax	Low	High
Diluted net income per share			\$ 2.00	\$ 10.70	\$ 11.10
Acquisition-related amortization expense ⁽²⁾	\$.25	\$.06	.19	.80	.80
Severance and other restructuring expenses	.08	.02	.06	.15	.15
Adjusted diluted net income per share			<u>\$ 2.25</u>	<u>\$ 11.65</u>	<u>\$ 12.05</u>

	Three Months Ended March 31, 2024			Year Ended December 31, 2024		
	Pre-Tax	Tax Effect ⁽¹⁾	After- Tax	Pre-Tax	Tax Effect ⁽¹⁾	After- Tax
Diluted net income per share			\$ 1.97			\$ 10.55
Acquisition-related amortization expense ⁽²⁾	\$.26	\$.06	.20	\$ 1.02	\$.24	.78
Adjusted diluted net income per share			<u>\$ 2.17</u>			<u>\$ 11.33</u>

⁽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, which is included within Selling, general and administrative expenses, consists of the amortization of intangible assets related to the Valspar acquisition. These intangible assets are primarily customer relationships and intellectual property and are being amortized over their remaining useful lives.

Management believes that investors' understanding of the Company's operating performance is enhanced by the disclosure of EBITDA, which is a non-GAAP financial measure defined as Net income before income taxes and Interest expense, depreciation and amortization, as well as Adjusted EBITDA, which is a non-GAAP financial measure that excludes certain adjustments that management further believes enhances investors' understanding of the Company's operating performance. The reader is cautioned that the Company's EBITDA and Adjusted EBITDA should not be compared to other entities unknowingly. Further, EBITDA and Adjusted EBITDA should not be considered alternatives to Net income or Net operating cash as an indicator of operating performance or as a measure of liquidity. The following table reconciles Net income computed in accordance with US GAAP to EBITDA and Adjusted EBITDA, as applicable.

(millions of dollars)

	Three Months Ended March 31, 2025
Net income	\$ 503.9
Interest expense	103.8
Income taxes	149.1
Depreciation	79.9
Amortization	81.0
EBITDA	\$ 917.7
Severance and other restructuring expenses	19.3
Adjusted EBITDA	<u>\$ 937.0</u>

	Three Months Ended March 31, 2024
Net income	\$ 505.2
Interest expense	103.0
Income taxes	134.8
Depreciation	71.1
Amortization	82.1
EBITDA	<u>\$ 896.2</u>

The Sherwin-Williams Company and Subsidiaries
Selected Information (Unaudited)
(millions of dollars, except store count data)

	Three Months Ended	
	March 31	
	2025	2024
Depreciation	\$ 79.9	\$ 71.1
Capital expenditures	189.3	283.8
Cash dividends	200.4	182.5
Amortization of intangibles	81.0	82.1

Significant components of Other general expense - net:

Provisions for environmental related matters - net	\$ 3.1	\$ 3.6
Gain on sale or disposition of assets	(2.1)	(3.4)
Other	7.9	1.8

Significant components of Other expense (income) - net:

Net investment gains	\$ (3.2)	\$ (5.1)
Net expense from banking activities	3.9	3.3
Foreign currency transaction related losses - net	10.0	7.6
Other ⁽¹⁾	(7.8)	(13.5)

Store Count Data:

Paint Stores Group - net new stores	18	7
Paint Stores Group - total stores	4,791	4,701
Consumer Brands Group - net new stores	6	2
Consumer Brands Group - total stores	340	320
Performance Coatings Group - net new branches	—	1
Performance Coatings Group - total branches	324	323

⁽¹⁾ Consists of items of revenue, gains, expenses and losses unrelated to the primary business purpose of the Company.