



SHERWIN-WILLIAMS®



2020 FINANCIAL COMMUNITY PRESENTATION

FINANCIAL OVERVIEW

AL MISTYSYN

SENIOR VICE PRESIDENT FINANCE
& CHIEF FINANCIAL OFFICER

This presentation may contain certain "forward-looking statements," as defined under U.S. federal securities laws. These forward-looking statements are based upon management's current expectations, estimates, assumptions and beliefs concerning future events and conditions. Readers are cautioned not to place undue reliance on any forward-looking statements. Forward-looking statements are necessarily subject to risks, uncertainties and other factors, many of which are outside the control of the Company that could cause actual results to differ materially from such statements and from the Company's historical results and experience. These risks, uncertainties and other factors include such things as: general business and economic conditions; the Company's ability to successfully integrate past and future acquisitions into its existing operations, as well as the performance of the businesses acquired; strengths of retail and manufacturing economies and the growth in the coatings industry; changes in the Company's relationships with customers and suppliers; changes in raw material availability and pricing; adverse weather conditions or impacts of climate change, natural disasters and public health crises, including the COVID-19 pandemic; the duration, severity and scope of the COVID-19 pandemic and the actions implemented by international, federal, state and local public health and governmental authorities to contain and combat the outbreak and spread of COVID-19, which may exacerbate one or more of the aforementioned and/or other risks, uncertainties and factors more fully described in the Company's reports filed with the Securities and Exchange Commission (SEC); and other risks, uncertainties and factors described from time to time in the Company's reports filed with the SEC. Since it is not possible to predict or identify all of the risks, uncertainties and other factors that may affect future results, the above list should not be considered a complete list. Any forward-looking statement speaks only as of the date on which such statement is made, and the Company undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

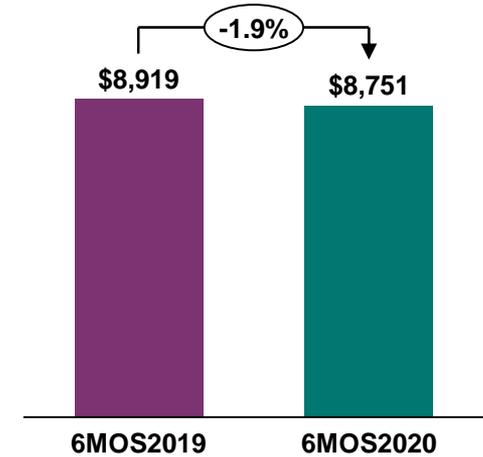
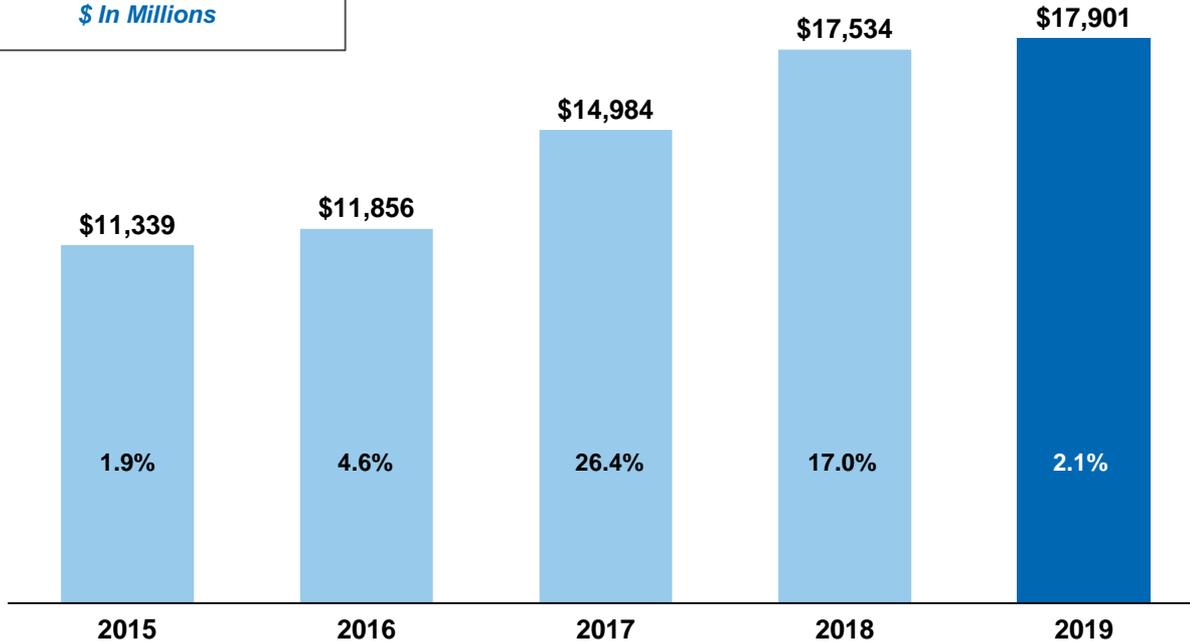
Consolidated Sales

In Millions of Dollars

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Consolidated Sales

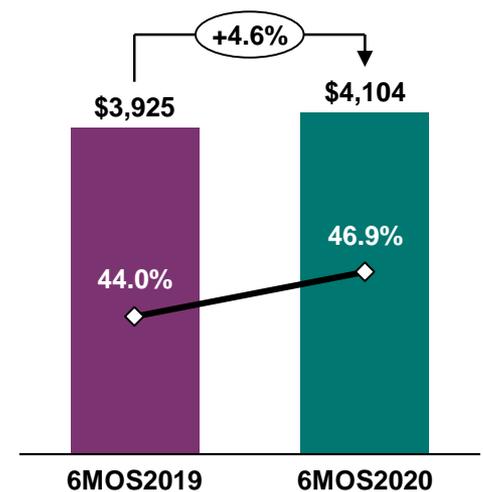
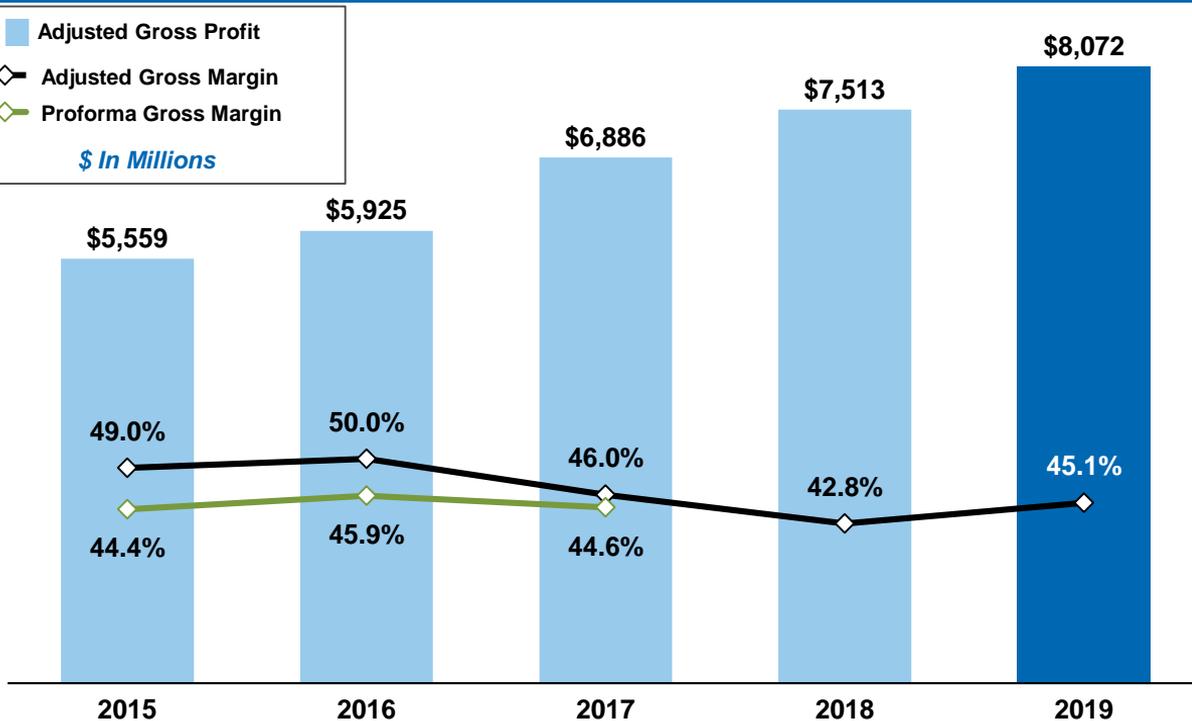
\$ In Millions



Consolidated Gross Profit

Excluding Acquisition Related Costs & Other Adjustments

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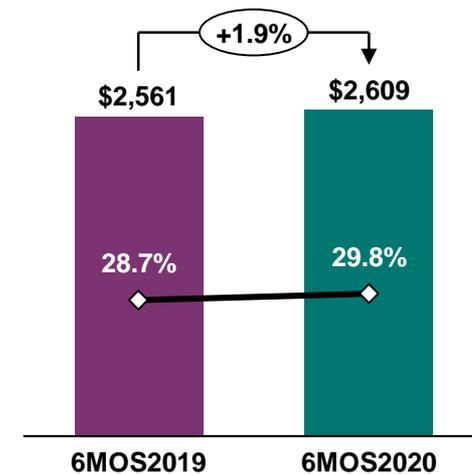
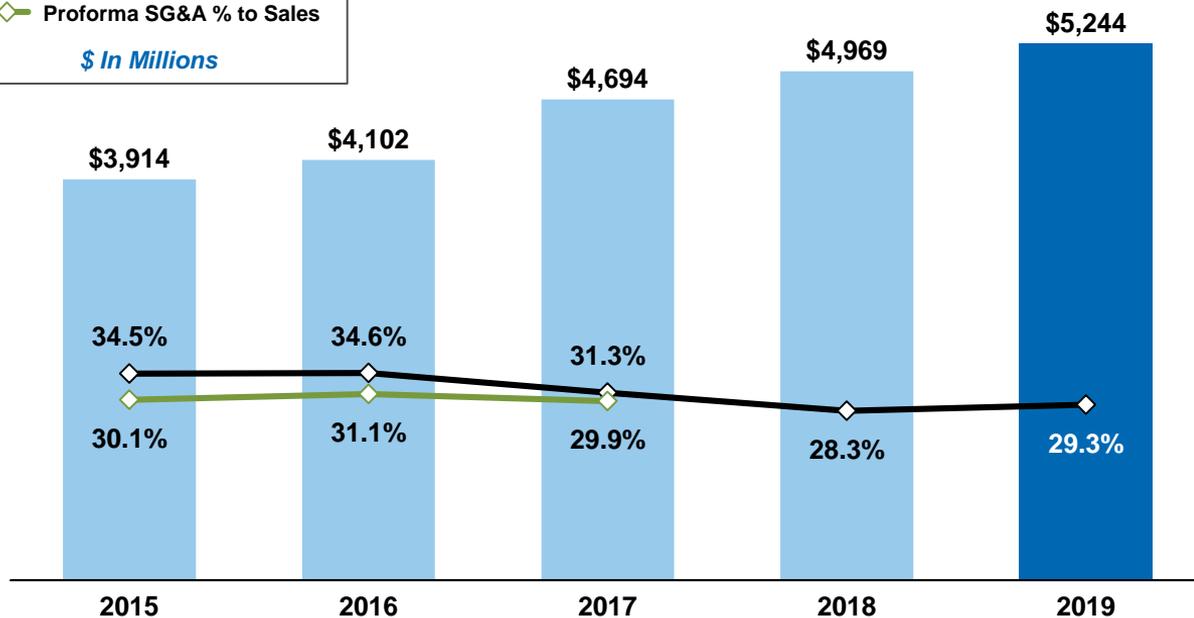


Expect Long-Term Gross Margin Range of 45% to 48%

SG&A Expense

Excluding Acquisition Related Costs & Other Adjustments

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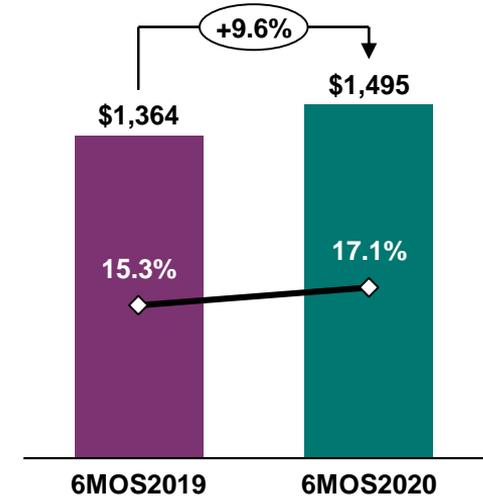
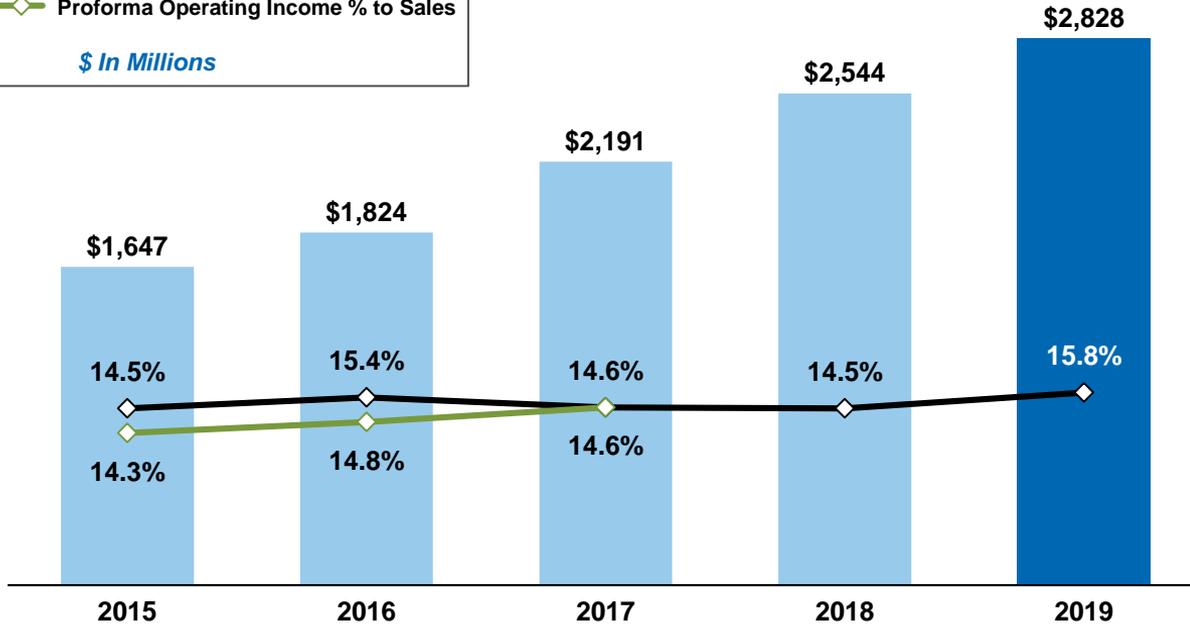
Continue to Invest in Long-Term Growth Opportunities

Operating Income

Excluding Acquisition Related Costs & Other Adjustments

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■ Adjusted Operating Income
◆ Adjusted Operating Income % to Sales
◆ Proforma Operating Income % to Sales
\$ In Millions



Focus on Driving Improved Operating Margin

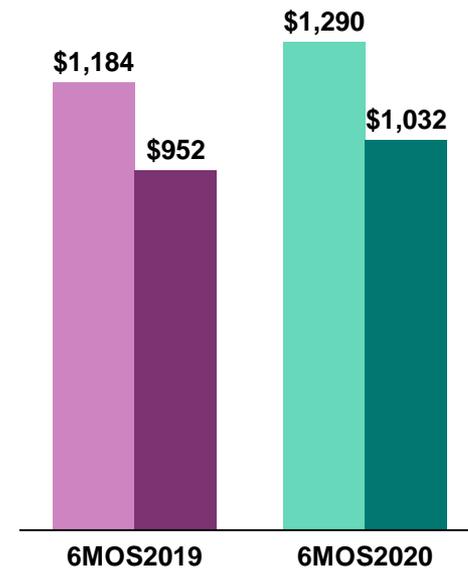
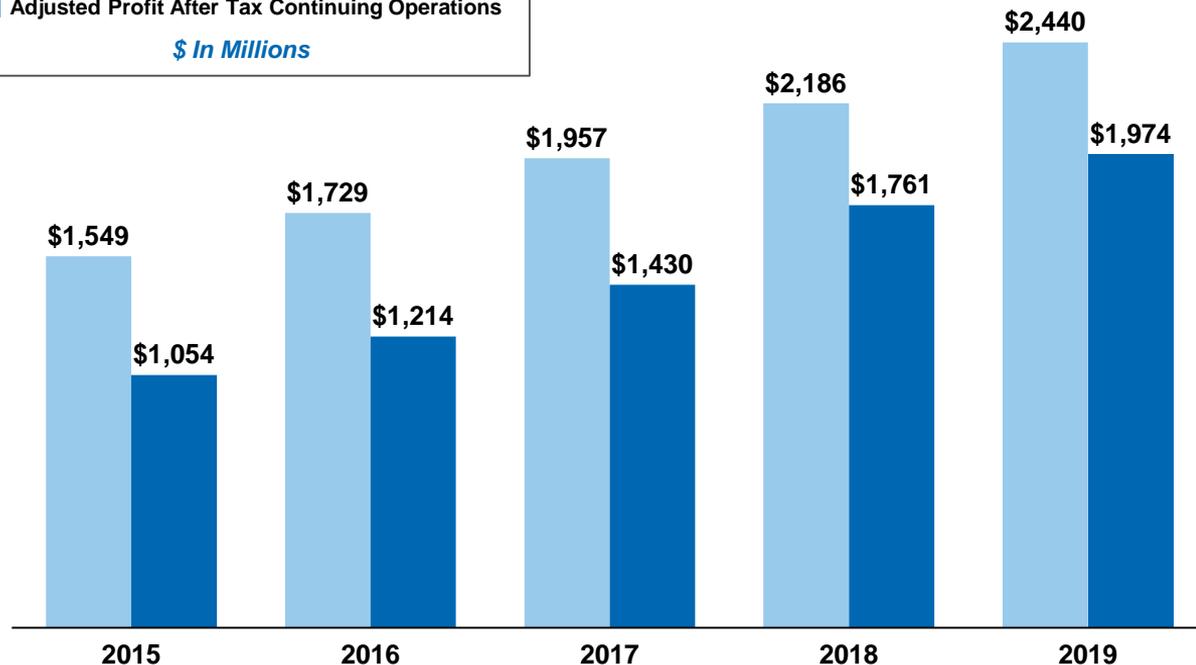
Profit Before & After Tax

Excluding Acquisition Related Costs & Other Adjustments

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Adjusted Profit Before Tax
Adjusted Profit After Tax Continuing Operations

\$ In Millions

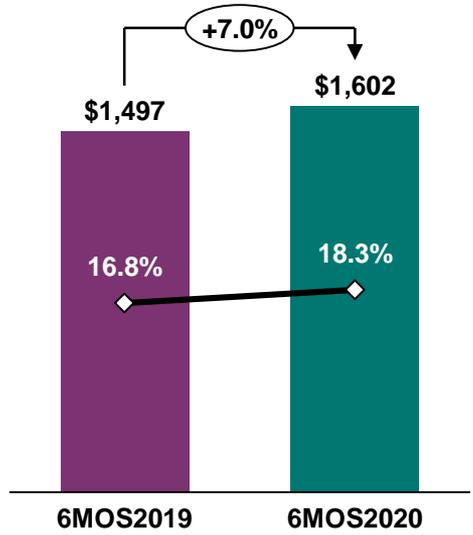
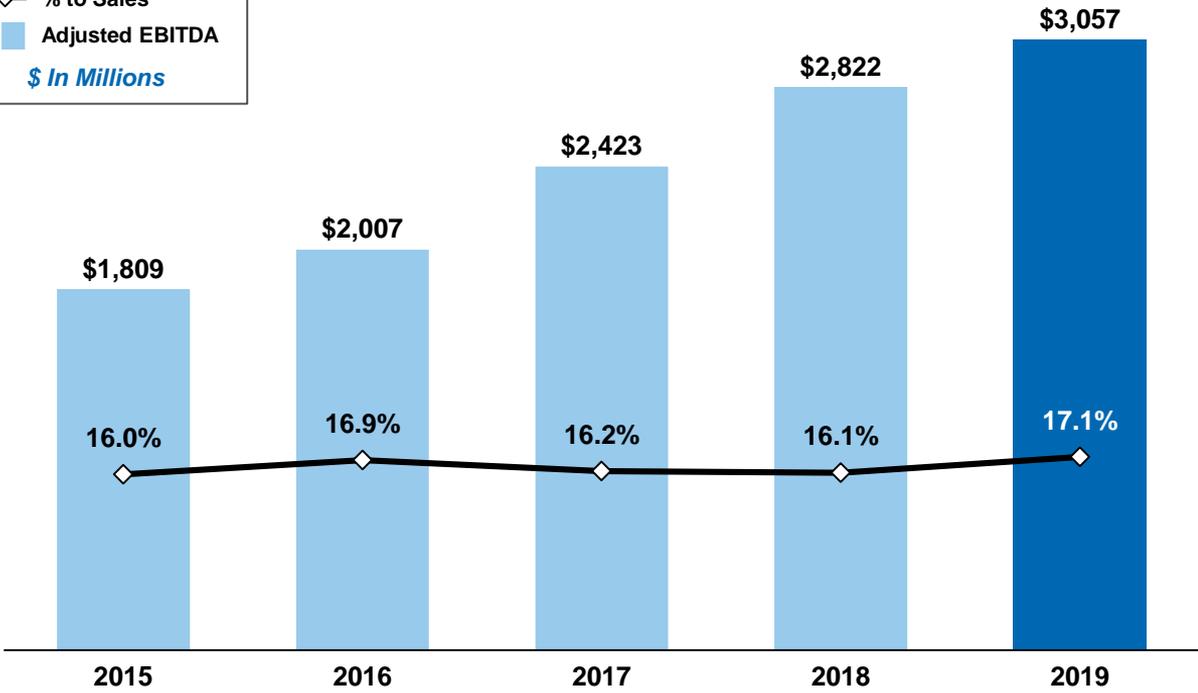


	2015	2016	2017	2018	2019
PBT % to Sales	13.7%	14.6%	13.1%	12.5%	13.6%
PAT % to Sales	9.3%	10.2%	9.5%	10.0%	11.0%

	6MOS2019	6MOS2020
PBT % to Sales	13.3%	14.7%
PAT % to Sales	10.7%	11.8%

Earnings Before Interest, Taxes, Depreciation & Amortization (EBITDA) *SHERWIN-WILLIAMS* Excluding Acquisition Related Costs & Other Adjustments

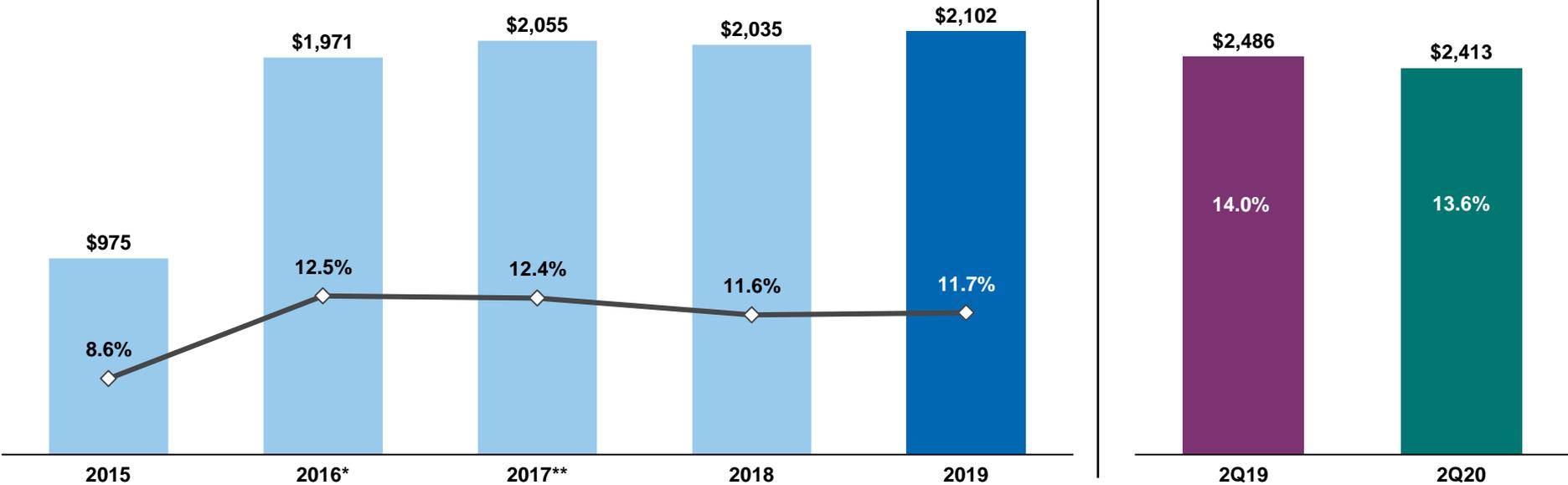
 % to Sales
 Adjusted EBITDA
 \$ In Millions



Working Capital Performance

Accounts Receivable + Inventory – Payables

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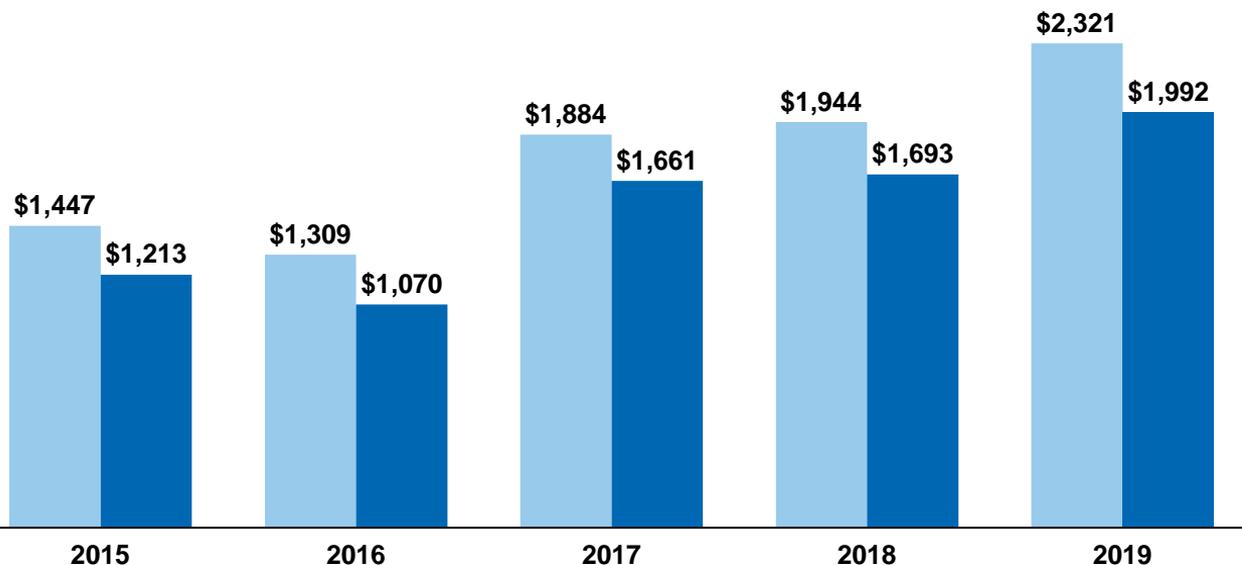
Target FY Working Capital as a % to Sales of 11% to 11.5%

Cash Flow Performance, as Reported

In Millions of Dollars

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Net Operating Cash
Net Operating Cash Less Cap. Ex.



Uses of Cash

- Capital Expenditures
- Pay Dividends
- Manage Debt
- Acquisitions
- Share Repurchases



Targeting Steady State Future Free Cash Flow* of Greater Than 11.0% of Sales

WE WILL NOT HOLD CASH

KEY OBJECTIVES

- BBB+ Target Rating
- Debt to EBITDA Leverage 2.0x to 2.5x
- Maintain Financial Flexibility

BALANCED CAPITAL ALLOCATION GOALS

CAPEX Invest

Dividend 30% of PY Earnings

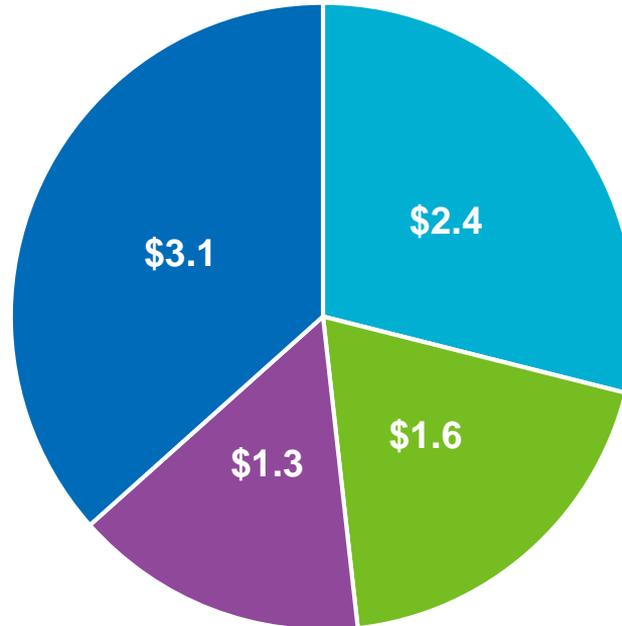
Strategic M&A

Share Repurchase

- Return Dividend to 30% of PY Earnings – FY20 Increase 18.6%
- Reduce Debt to EBITDA Leverage To Approx. 2.5x – FY20
- Maintain CAPEX to Below 2% of Sales – FY19 & FY20, Excluding HQ & R&D Facility Projects
- Opportunistic Share Repurchase Absent Strategic M&A

5-Year Net Operating Cash: ~\$8.9B

2015-2019



- CASH DIVIDENDS
- DEBT REPAYMENT
- CAPITAL EXPENDITURES
- SHARE REPURCHASES

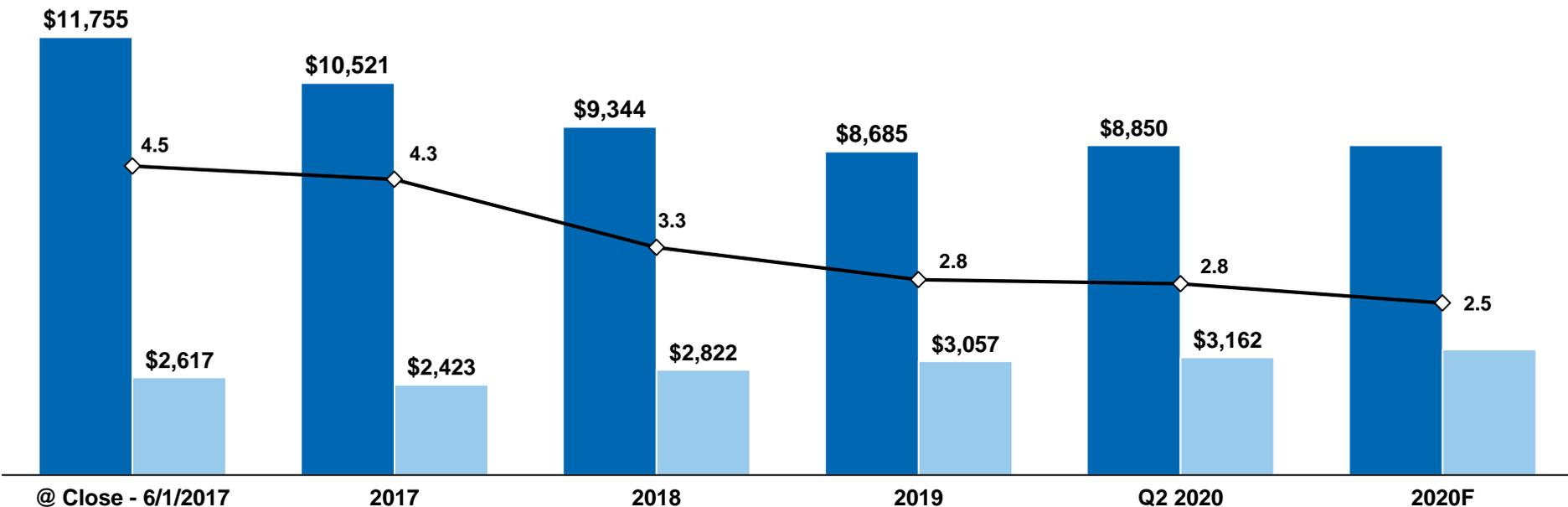
USES OF CASH

- Capital Expenditures
- Pay Dividends
- Manage Debt
- Acquisitions - \$77M in 2019
- Share Repurchases

Debt to Adjusted EBITDA Ratio

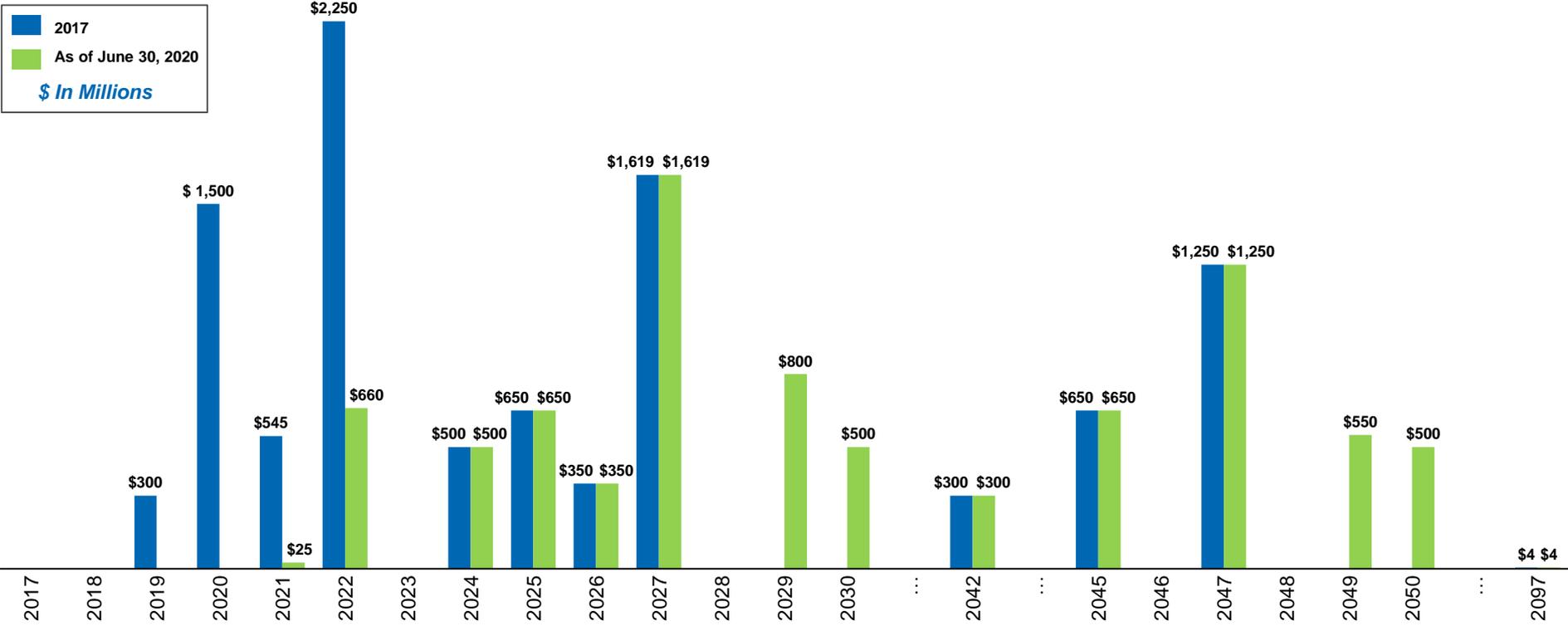
Excluding Acquisition Related Costs & Other Adjustments

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Targeting Long-Term Debt to EBITDA Ratio of 2.0X to 2.5X

Maturities of Long-Term Debt



Positioning the Company for Continued Long-Term Success

Dividends Per Share

2005 - 2020

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**2019 was 41st Consecutive Year
of Dividend Increases**



Dividend Returned to 30% of Prior Year Earnings in 2019

TARGET

- Improve Technology Portfolio
- Strengthen Global Reach
- Fills Product or Capability Gap
- Improves Our Ability to Serve Targeted Customers

CRITERIA

- Fit Core Competencies
- Leadership in Key Technologies, Markets, or Regions
- Strong Growth Potential
- EPS Accretion by Year 2
- Return Above Our Weighted Average Cost of Capital By Year 3

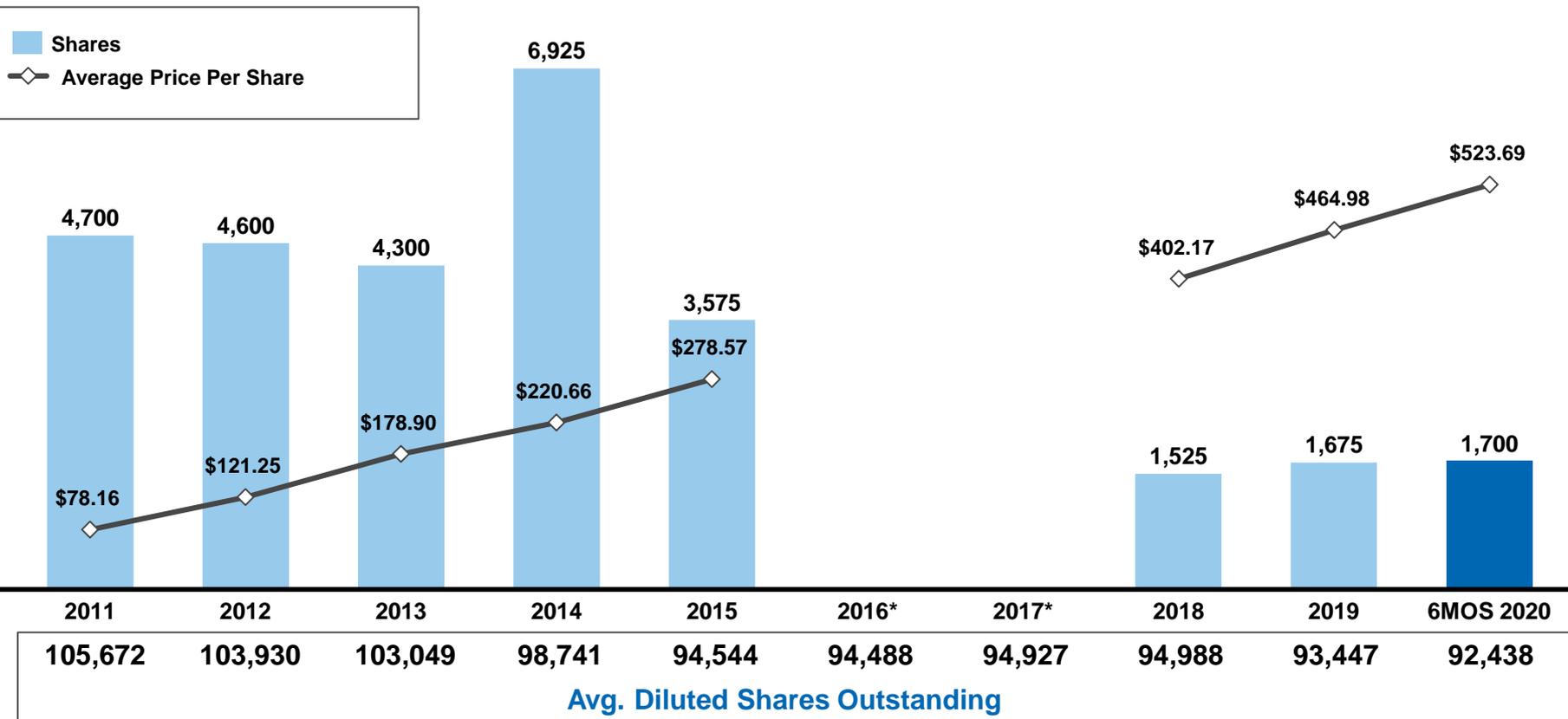
VALUE DRIVERS

- Leverage Acquisitions Across Our Global Businesses
- Supply Products Across Target Distribution Channels
- Strengthen Leadership Position in Our Chosen Markets

Share Repurchase History

2011 – 6MOS 2020 (000s)

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**No market purchases in 2016 and 2017 – focus on debt reduction following Valspar acquisition. Balance of Authorization at 6/30/2020: 6,750,000 Shares*

Strong Financial Profile Provides Flexibility

	6/30/2020
Cash	\$188M
Debt	\$8.8B
Revolving Credit Facility	\$2.0B
Other Committed Credit Facilities	\$1.5B
Total Liquidity	\$3.5B

- \$3.0B Remaining Available at 6/30/20
- Expect to Maintain Balance Sheet Flexibility to Pursue Growth Opportunities
- Annual Cash Generation Comfortably Supports Anticipated Funding Needs
- FY20 Debt Slightly Below FY19
- Rating Agencies
 - S&P: BBB- / A-3 / Stable
 - Moody's: Baa2 / P-2 / Stable
 - Fitch: BBB / F-3 / Negative



A STRONG FOUNDATION

- Track Record of Financial Performance & Focused Execution In All Economic Environments
- Large, Stable Revenue Base with Improving EBITDA Margins
- Strong Balance Sheet
- Experienced & Determined Management Team

...ON WHICH WE WILL CONTINUE TO BUILD

- Grow Revenue Organically & through Acquisitions
- Continue to Invest in our Controlled Distribution Platform
- Continuous Improvement Culture & Operational Efficiencies to Expand EBITDA Margins
- Improved Free Cash Flow as % to Sales
- Disciplined Capital Allocation to Maximize Shareholder Returns
- Management Incentives Aligned with Multi-Industry Metrics

Third Quarter 2020 Sales Guidance

Original July 28, 2020/Revised September 29, 2020

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ORIGINAL July 28, 2020

THIRD QUARTER 2020 SALES GUIDANCE

Sales Guidance Up or Down Low Single Digits

By Segment:

The Americas Group Flat to Up Low SD

Consumer Brands Group Up Low DD

Performance Coatings Group Down Low-to-Mid SD

REVISED SEPTEMBER 29, 2020

THIRD QUARTER 2020 SALES GUIDANCE

Sales Guidance Up 3% to 5%

By Segment:

The Americas Group Up Low SD

Consumer Brands Group Up Low 20%

Performance Coatings Group Flat to Down Low SD

Full Year 2020 Guidance

Sales & EPS

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ORIGINAL July 28, 2020

FULL YEAR 2020 SALES GUIDANCE

Sales Guidance	Flat to LY
By Segment:	
The Americas Group	Flat to Up Low SD
Consumer Brands Group	Up High SD
Performance Coatings Group	Down Low-to-Mid SD

FULL YEAR 2020 EPS GUIDANCE

RANGE

EPS Guidance	\$19.21 to \$20.71
Acquisition-Related Amortization Expense	\$2.54
Adjusted EPS	\$21.75 to \$23.25

REVISED SEPTEMBER 29, 2020

FULL YEAR 2020 SALES GUIDANCE

Sales Guidance	Flat to Up Slightly
By Segment:	
The Americas Group	Flat to Up Low SD
Consumer Brands Group	Up Low DD to Mid-Teens
Performance Coatings Group	Down Low-to-Mid SD

FULL YEAR 2020 EPS GUIDANCE

RANGE

EPS Guidance	\$20.96 to \$21.46
Acquisition-Related Amortization Expense	\$2.54
Adjusted EPS	\$23.50 to \$24.00