



SHERWIN-WILLIAMS®

3Q 2022 Results

October 25, 2022

Forward-Looking Statements

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

3Q 2022 Financial Performance Highlights

(\$ in millions, except per share data)	3Q 2022	3Q 2021	% Change
Sales	\$6,047.4	\$5,146.7	17.5%
Gross Profit	\$2,589.4	\$2,139.6	21.0%
<i>Gross Margin</i>	<i>42.8%</i>	<i>41.6%</i>	<i>+120 bps</i>
Reported EPS	\$2.62	\$1.88	39.4%
Adjusted EPS ⁽¹⁾	\$2.83	\$2.09	35.4%
EBITDA	\$1,124.2	\$834.2	34.8%

- Sales increased 17.5% to a record \$6.0 billion
 - Low double-digit pricing, high-single-digit volume and low-single-digit contributions from acquisitions partially offset by slight FX headwinds
 - Demand strength in professional architectural and North American industrial end markets
 - Continuing softness in Europe and Asia end markets
- 120 basis point year-over-year improvement in gross margin, driven by sales growth and pricing actions
 - 110 basis points sequential improvement from 2Q 2022
- SG&A as % of sales improved 130 bps to 25.3% – continued strategic investments to support long-term growth
- Adjusted EPS⁽¹⁾ increased 35.4% year-over-year to \$2.83/share vs. \$2.09/share in the prior year
- EBITDA increased to \$1.12 billion, or 18.6% of sales

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

The Americas Group

- Sales increased 21.4% including low-teens volume improvement and high-single-digit pricing; same store sales increased 20.7%
- Double-digit volume growth in all architectural end markets
- Pro customer backlogs remain strong
- Strong effectiveness of September 6th 10% price increase
- Segment profit increased \$132.6 million, or 21.0% year-over-year, driven by strong volumes and selling price increases, partially offset by higher raw material costs and higher SG&A costs related to long-term growth initiatives



(\$ in millions)	3Q 2022	3Q 2021	% Change
Sales	\$3,602.7	\$2,967.0	21.4%
Segment Profit	\$764.1	\$631.5	21.0%
Segment Margin	21.2%	21.3%	-10 bps

+DD	+DD	+DD	+DD	+DD	+DD
Res Repaint	New Residential	Commercial	Property Maintenance	DIY	Protective & Marine

3Q-22 sales vs. 3Q-21 sales (HSD/MSD/LSD = high, mid or low single digit %. DD = double digit %)

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

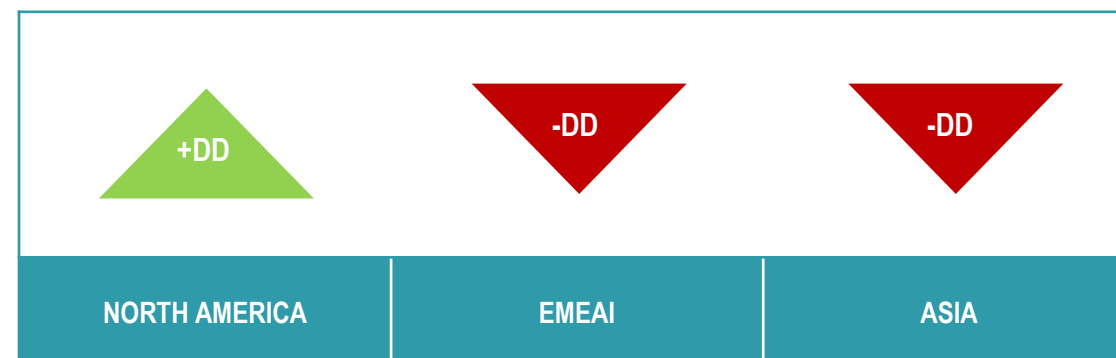
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Consumer Brands Group

- Sales increased 8.5% driven by low-double-digit price increases in all regions, partially offset by lower sales volumes primarily outside of North America
 - North America paint volume was positive, offset by lower stain and aerosol sales (continued alkyd resin tightness) and softness in Europe and China
- Strong double-digit growth in Pros Who Paint category
- Adjusted segment profit increased 19.5% to \$113.8 million, and adjusted segment margin improved 500 bps sequentially and 150 bps year-over-year to 16.2%
 - Improvement driven by selling price increases and good cost control, partially offset by lower sales volume, increased raw material costs and higher supply chain costs



(\$ in millions)	3Q 2022	3Q 2021	% Change
Sales	\$701.9	\$646.7	8.5%
Reported Segment Profit	\$94.9	\$75.8	25.2%
<i>Reported Segment Margin</i>	<i>13.5%</i>	<i>11.7%</i>	<i>+180 bps</i>
Adjusted Segment Profit ⁽¹⁾	\$113.8	\$95.2	19.5%
<i>Adjusted Segment Margin</i>	<i>16.2%</i>	<i>14.7%</i>	<i>+150 bps</i>



3Q-22 sales vs. 3Q-21 sales (HSD/MSD/LSD = high, mid or low single digit %. DD = double digit %)

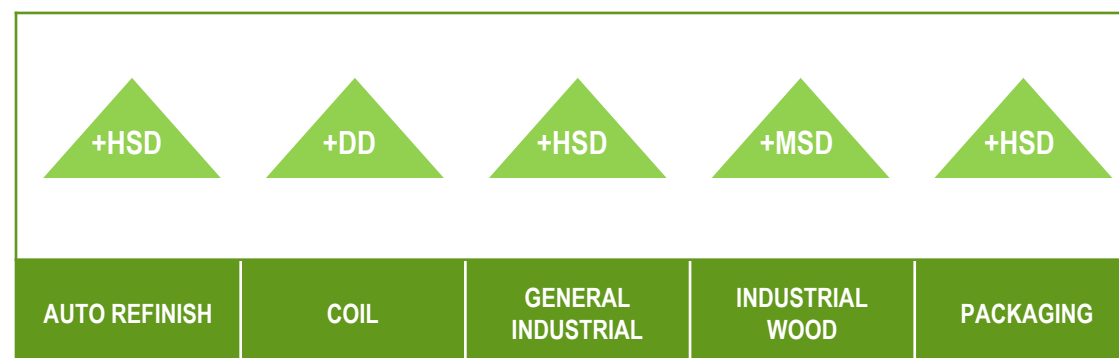
Note: All comparisons are to the third quarter of the prior year, unless otherwise noted
 (1) Reconciliation from segment profit to adjusted segment profit provided in Appendix

Performance Coatings Group

- Sales increased 13.7% including low-teens pricing, a mid-single digit contribution from acquisitions and -5.1% FX
- Strong double-digit growth in North America, mid-teens growth in Latin America; high-single-digit growth in Asia and mid-single-digit decline in Europe
- Coil and Packaging highest year-over-year increases, followed by Auto Refinish, General Industrial and Industrial Wood
- Adjusted segment profit improved 77.3% to \$286.0 million
 - Adjusted segment margin improved 260 bps sequentially and 590 bps year-over-year to 16.4% – strongest margin performance since 2017 Valspar acquisition
- Closed Gross & Perthun, Dur-A-Flex and Powdertech acquisitions in the quarter – ~\$120 million combined annualized revenues



(\$ in millions)	3Q 2022	3Q 2021	% Change
Sales	\$1,741.7	\$1,532.5	13.7%
Reported Segment Profit	\$236.3	\$110.4	114.0%
<i>Reported Segment Margin</i>	<i>13.6%</i>	<i>7.2%</i>	<i>+640 bps</i>
Adjusted Segment Profit ⁽¹⁾	\$286.0	\$161.3	77.3%
<i>Adjusted Segment Margin</i>	<i>16.4%</i>	<i>10.5%</i>	<i>+590 bps</i>



3Q-22 sales vs. 3Q-21 sales (HSD/MSD/LSD = high, mid or low single digit %. DD = double digit %)

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

Guidance

Fourth Quarter 2022

Sales

- Increase by high-single to low-double-digit percentage
- *Foreign Exchange: -2.0%*
- Segments
 - *TAG: up high-teens to low-twenties percentage*
 - *CBG: down mid to high-single-digit percentage*
 - *PCG: flat to up low-single-digit percentage*

Full Year 2022

Sales

- Increase by low-double-digit percentage
- *Foreign Exchange: -1.5%*
- Segments
 - *TAG: up low-double-digit to mid-teens percentage*
 - *CBG: down low-single-digit percentage*
 - *PCG: up low-double-digit to mid-teens percentage*

GAAP Earnings Per Share: \$7.65-\$7.95

- Includes acquisition-related amortization expense of \$0.85 per share
- Adjusted earnings per share: \$8.50-\$8.80

Raw materials: up high-teens percentage

Capital expenditures: \$665 million total, includes \$250 million for new HQ and R&D facilities

Interest expense: approximately \$390 million

Depreciation (~\$270 million) and **amortization** (~\$320 million)

Tax rate: low 20s percent

Targeted Restructuring Actions

Description

Restructuring focus areas

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

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

- 50% in 4Q 2022, 50% in 2023
- Not included in full-year 2022 GAAP earnings per share guidance

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

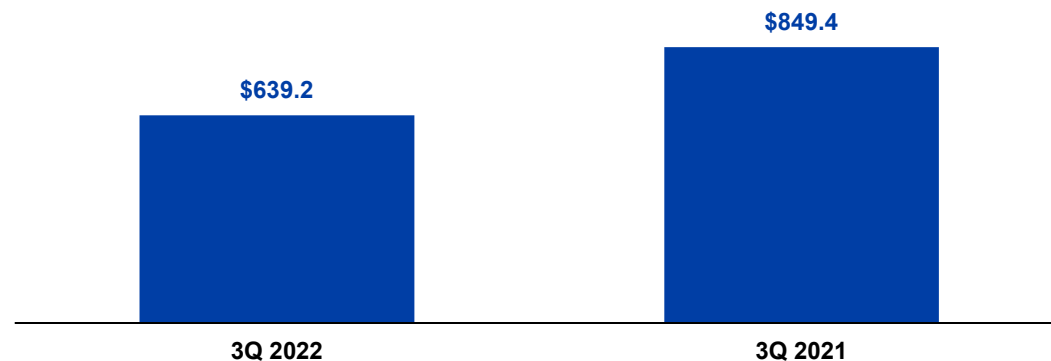
- 75% realized by end of 2023, full run-rate by end of 2024

Cost Breakout (estimated amounts)

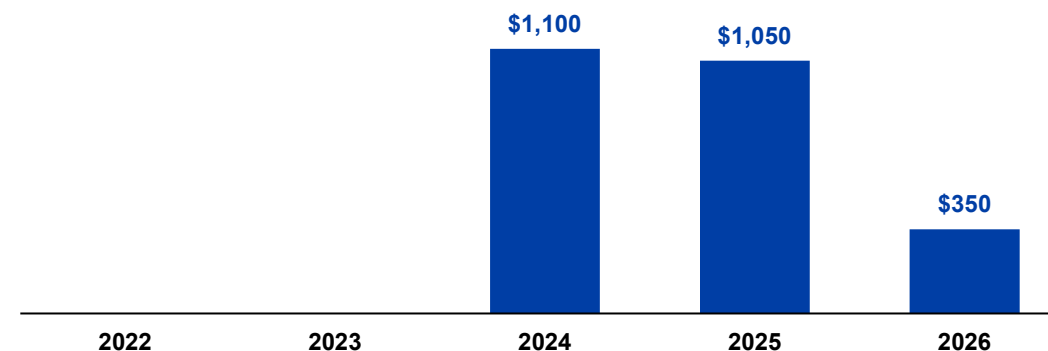
\$ in millions		One-Time Costs (\$170m mid-point)	Annual Savings (\$60m mid-point)
Category	Gross Margin	\$40	\$10
	SG&A	\$130	\$50
Segment	Consumer Brands Group	-	\$35
	Performance Coatings Group	-	\$15
	Administrative	\$170	\$10
Region	North America	\$65	\$15
	EMEA	\$20	\$20
	APAC	\$85	\$25

Strong Financial Position

Operating Cash Flow (\$ in millions)



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



Cash & Liquidity Position (\$ in millions)

	9/30/2022
Cash	\$130.5
<u>Liquidity</u>	
Total Credit Facilities	\$3,750.0
(Less Amount Utilized)	(924.3)
Net Credit Available	\$2,825.7

Selected Financial Ratios

	9/30/2022
Total Debt / TTM EBITDA	3.2x

(1) Full debt maturity schedule provided in Appendix

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Appendix



Debt Summary (as of September 30, 2022)

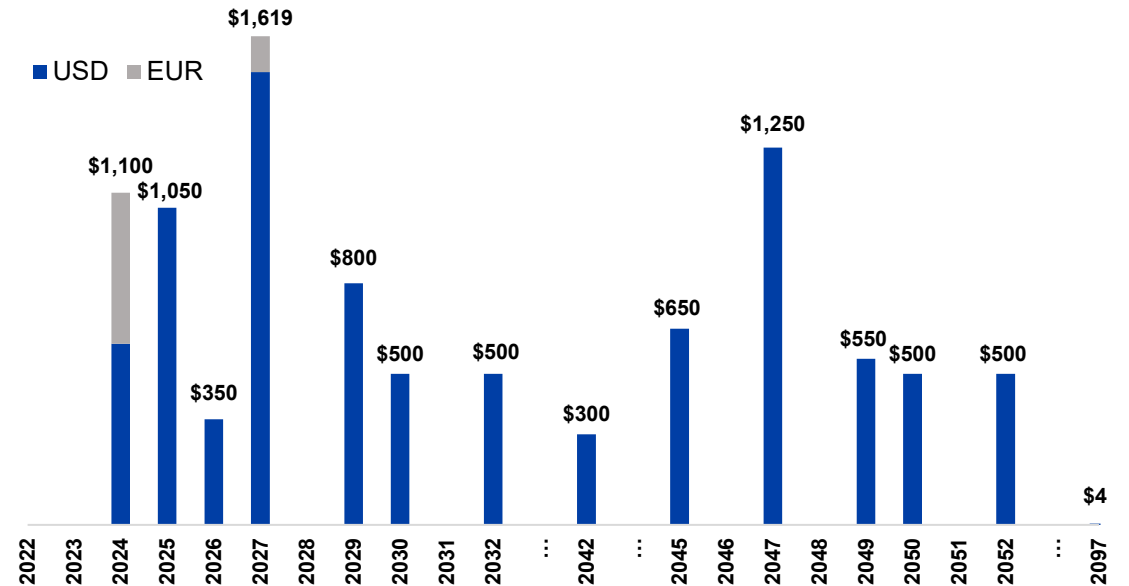
		Q3 2022	
		Balance	Int. Rate
Short-Term:			
Domestic		889.3	3.28%
Non-Domestic:		55.9	4.44%
Total Short-Term Borrowings		945.2	3.35%
Long-Term:			
7-year, 3.125% notes due ⁽¹⁾	2024	500.0	1.39%
2-year, 4.05% notes due	2024	600.0	4.05%
10-year, 3.30% notes due	2025	250.0	3.30%
10-year, 3.45% notes due	2025	400.0	3.45%
3-year, 4.25% notes due	2025	400.0	4.25%
10-year, 3.95% notes due	2026	350.0	3.95%
10-year, 3.45% notes due ⁽²⁾	2027	1,500.0	3.32%
30-year, 7.375% notes due	2027	119.4	7.38%
10-year, 2.95% notes due	2029	800.0	2.95%
10-year, 2.30% notes due	2030	500.0	2.30%
10-year, 2.20% notes due	2032	500.0	2.20%
30-year, 4.00% notes due	2042	300.0	4.00%
30-year, 4.40% notes due	2045	250.0	4.40%
30-year, 4.55% notes due	2045	400.0	4.55%
30-year, 4.50% notes due	2047	1,250.0	4.50%
30-year, 3.80% notes due	2049	550.0	3.80%
30-year, 3.30% notes due	2050	500.0	3.30%
30-year, 2.90% notes due	2052	500.0	2.90%
100-year, 7.45% notes due	2097	3.5	7.45%
Promissory Notes	Various	1.6	2.90%
Other ⁽³⁾		(85.0)	0.00%
Total LT Debt		9,589.5	3.50%
Total Debt		10,534.7	3.48%

(1) Debt swapped to EUR fixed rate interest in Q1 2020

(2) \$163 million of 2027 10-year bonds swapped to EUR

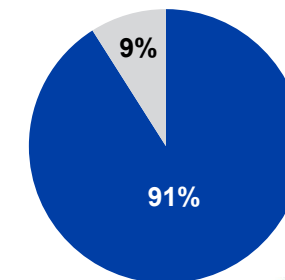
(3) "Other" long-term debt is comprised of unamortized premiums, discounts and issuance costs

Maturities of Long-Term Debt



Fixed vs. Floating Rate Debt

Fixed
Floating



Adjustments to Segment Profit

	Three Months Ended September 30, 2022						Three Months Ended September 30, 2021					
	The Americas	Consumer	Performance				The Americas	Consumer	Performance			
(\$ in millions)	Group	Brands Group	Coatings Group	Admin	Consolidated		Group	Brands Group	Coatings Group	Admin	Consolidated	
Net external sales	\$ 3,602.7	\$ 701.9	\$ 1,741.7	\$ 1.1	\$ 6,047.4		\$ 2,967.0	\$ 646.7	\$ 1,532.5	\$ 0.5	\$ 5,146.7	
Segment profit (as reported)	\$ 764.1	\$ 94.9	\$ 236.3	\$ (218.1)	\$ 877.2		\$ 631.5	\$ 75.8	\$ 110.4	\$ (206.2)	\$ 611.5	
% of sales (as reported)	21.2%	13.5%	13.6%	NM	14.5%		21.3%	11.7%	7.2%	NM	11.9%	
<u>Acquisition-related costs</u>												
Acquisition-related amortization ⁽¹⁾	-	18.9	49.7	-	\$ 68.6		-	19.4	50.9	-	\$ 70.3	
Total acquisition-related costs	\$ -	\$ 18.9	\$ 49.7	\$ -	\$ 68.6		\$ -	\$ 19.4	\$ 50.9	\$ -	\$ 70.3	
Segment Profit (Adjusted)	\$ 764.1	\$ 113.8	\$ 286.0	\$ (218.1)	\$ 945.8		\$ 631.5	\$ 95.2	\$ 161.3	\$ (206.2)	\$ 681.8	
% of sales (as adjusted)	21.2%	16.2%	16.4%	NM	15.6%		21.3%	14.7%	10.5%	NM	13.2%	

(1) Acquisition-related amortization expense consists primarily of the amortization of intangible assets related to the Valspar acquisition and is included in Amortization.

Regulation G Reconciliation: Adjusted EPS

	Three Months Ended September 30, 2022			Three Months Ended September 30, 2021		
	Tax			Tax		
	Pre-Tax	Effect ⁽¹⁾	After-Tax	Pre-Tax	Effect ⁽¹⁾	After-Tax
Diluted net income per share			\$ 2.62			\$ 1.88
Acquisition-related amortization expense ⁽²⁾	0.26	0.05	0.21	0.26	0.05	0.21
Adjusted diluted net income per share			\$ 2.83			\$ 2.09

⁽¹⁾ The tax effect is calculated based on the statutory rate and the nature of the item, unless otherwise noted.

⁽²⁾ Acquisition-related amortization expense consists primarily of the amortization of intangible assets related to the Valspar acquisition and is included in Amortization.