

SHERWIN-WILLIAMS®

2023 Financial Community Presentation

August 24, 2023
Cleveland, Ohio



SHERWIN-WILLIAMS®

**2023 Financial
Community Presentation**

Welcome



2023 Financial Community Presentation

Agenda

1:30 p.m. **Financial Community Presentation**

Welcome and Market Overview

Jim Jaye

Company Overview

John Morikis

Enterprise Fireside Chat

*John Morikis
Heidi Petz
Al Mistysyn*

Break

Paint Stores Group Discussion

Justin Binns

Consumer Brands Group Discussion

Todd Rea

Performance Coatings Group Discussion

Karl Jorgenrud

Break

Q&A Session

*Moderated by
John Morikis*

4:30 p.m. ***Leadership Cocktail Reception***

Forward-Looking Statements

This presentation includes 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,” “strive” or “anticipate” or the negative thereof or comparable terminology. These forward-looking statements include, but are not limited to, the sustainability- and ESG-related goals, targets and commitments and underlying assumptions, data, strategies, plans and objectives that are presented, discussed, referenced or otherwise made available on or through our website, and are based upon management’s current expectations, predictions, estimates, assumptions and beliefs concerning future events and conditions at the time of release or publication. Readers and viewers 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 performance, results and experience. These risks, uncertainties and other factors include such things as: with respect to our ability to successfully meet our sustainability- and ESG-related goals, targets and commitments, including within the expected timeframe, changes in laws, regulations, prevailing standards or public policy, the alignment of the scientific community on measurement and reporting methodologies and approaches, the complexity of commodity supply chains, the evolution and adoption of new technology, including traceability practices, tools and processes, additional costs and investments in furtherance of complying with new or additional requirements or achieving our goals, targets and commitments, and any actual or perceived failure to comply with new or additional requirements or meet stakeholder expectations; general business conditions, strengths of retail and manufacturing economies and growth in the coatings industry; changes in general economic conditions; changes in raw material and energy supplies and pricing; disruptions in the supply chain; adverse weather conditions or natural disasters, including those that may be related to climate change or otherwise; losses of or changes in the Company’s relationships with customers and suppliers; competitive factors; the Company’s ability to successfully integrate past and future acquisitions into its existing operations, as well as the performance of the businesses acquired; the Company’s ability to achieve expected benefits of restructuring and productivity initiatives; public health crises; damages to our business, reputation, image or brands due to negative publicity; and other risks, uncertainties and factors described from time to time in the Company’s reports filed with the Securities and Exchange Commission. Since it is not possible to predict or identify all of the risks, uncertainties and other factors that may affect future results, the above list should not be considered a complete list. Any forward-looking statement speaks only as of the date on which such statement is made, and the Company undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise.

INDUSTRY DATA: In addition, industry information included in this presentation is not intended to be comprehensive. The coatings industry is global and diversified. The Company believes the multiple data sources cited in connection with industry market sizes, segments and other information are directionally helpful as of the date of this presentation, but may not be comprehensive, including from an absolute volume or industry size standpoint or otherwise. Generally, these sources tend to understate the size of the industry for all geographies.



2023 Financial Community Presentation



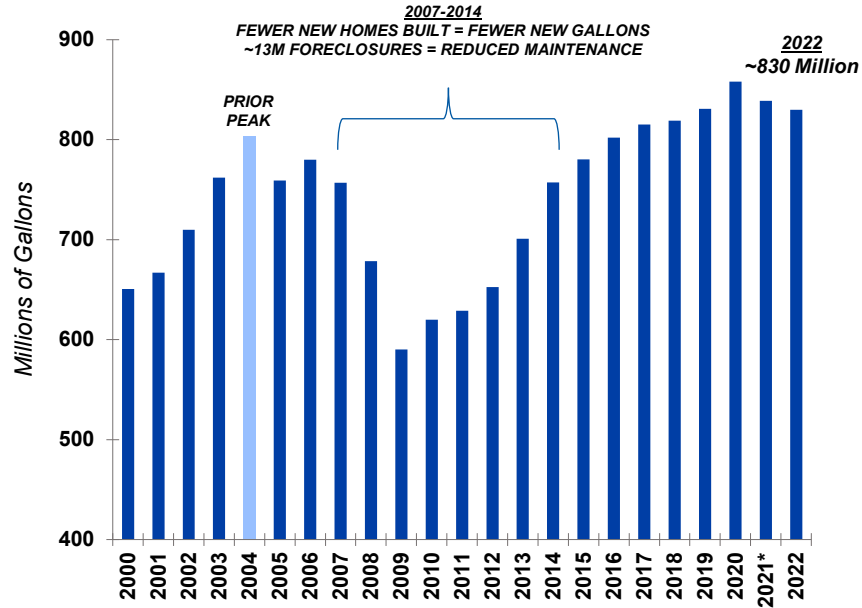
Industry Overview

JAMES R. JAYE
SVP, CORP COMMS & INVESTOR RELATIONS

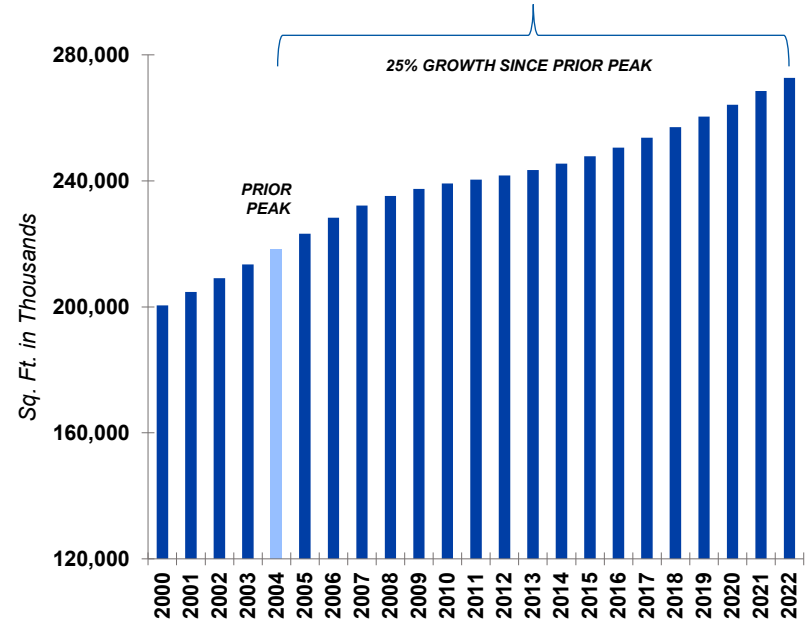


U.S. Architectural Paint Industry

Architectural Paint Gallons



Non-Residential & Residential Square Footage



25% growth in square footage since prior peak should drive continued gallon growth due to larger res repaint and property maintenance opportunities

*2021 Gallons revised lower from prior presentations given updated data from American Coatings Association that reflects greater impact of industry raw material availability challenges. 2022 impacted by continued raw material/supply chain challenges and soft DIY.

Sources: American Coatings Association, Department of Commerce, Dodge Data & Analytics & Company Estimates, Dodge Data & Analytics U.S. Building Stock Data, ATTOM Data Solutions

U.S. Architectural Trends: Mixed Demand

~10-15% of market



NEW RESIDENTIAL

- Past softness in starts now impacting completions
- Starts are bottoming, homebuilders more optimistic
- Incentives and lack of existing homes driving demand
- Strong household formations drive long-term demand

~30-35% of market



RESIDENTIAL REPAIR

- Slowing remodel demand
- Low cost, high impact projects like paint likely to hold up better
- Existing-home sales very weak
- Other tailwinds intact: record home equity, aging housing stock, demographics, energy-efficiency improvements, disaster recovery/prep, remote work.

~5-10% of market



COMMERCIAL

- Strong starts in '21 and '22 leads to...
...strong completions in '23 and 1H '24
- ABI choppy since 2H '22
- Impact of tighter lending standards, if any, TBD

~10-15% of market



PROPERTY MANAGEMENT

- Apartment demand driven by rising home prices, high mortgage rates and fewer existing homes for sale
- Higher rents driving tenant churn
- Office modifications post-COVID
- Resumption of travel and hospitality

~35-40% of market



DIY

- Soft as inflation and end of COVID stimulus impact consumer
- DIY paint more affordable than large remodel projects
- Low-cost/high-impact

U.S. Demographics

Silent

1928-1945

77-94 Years Old
(As Of 2022)

- Transitioning to Senior Living Facilities

8%

Of U.S.
Population

Baby Boomers

1946-1964

58-76 Years Old
(As Of 2022)

- Aging in place; driving remodeling spend
- Future downsizing creates opportunity
- Frequently relocate to active adult facilities

22%

Of U.S.
Population

Gen X

1965-1980

42-57 Years Old
(As Of 2022)

- Move up creates churn and drives remodeling
- Most likely to hire contractors

20%

Of U.S.
Population

Millennials

1981-1996

26-41 Years Old
(As Of 2022)

- Forming households
- First time homebuyers
- Demand for entry level homes
- Driving multifamily and rentals

22%

Of U.S.
Population

Gen Z

1997-2012

10-25 Years Old
(As Of 2022)

- Will further extend household formation
- Always connected, eComm

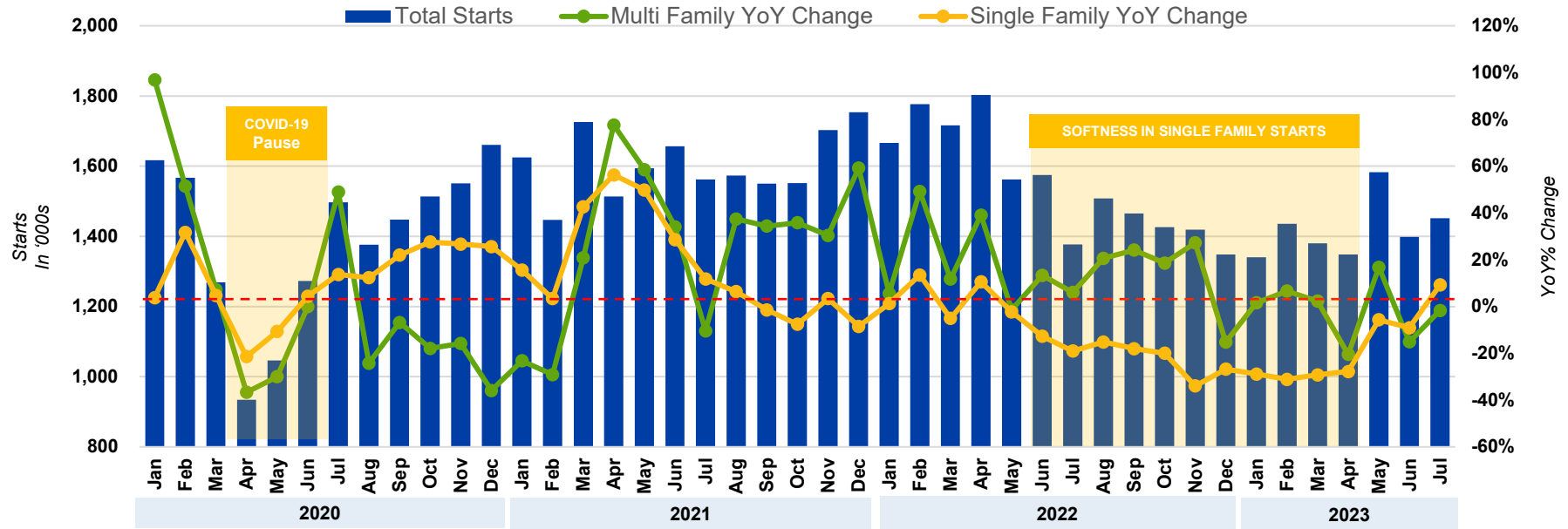
24%

Of U.S.
Population

New Residential Housing Starts

Painting Begins ~3-6 Months After Start

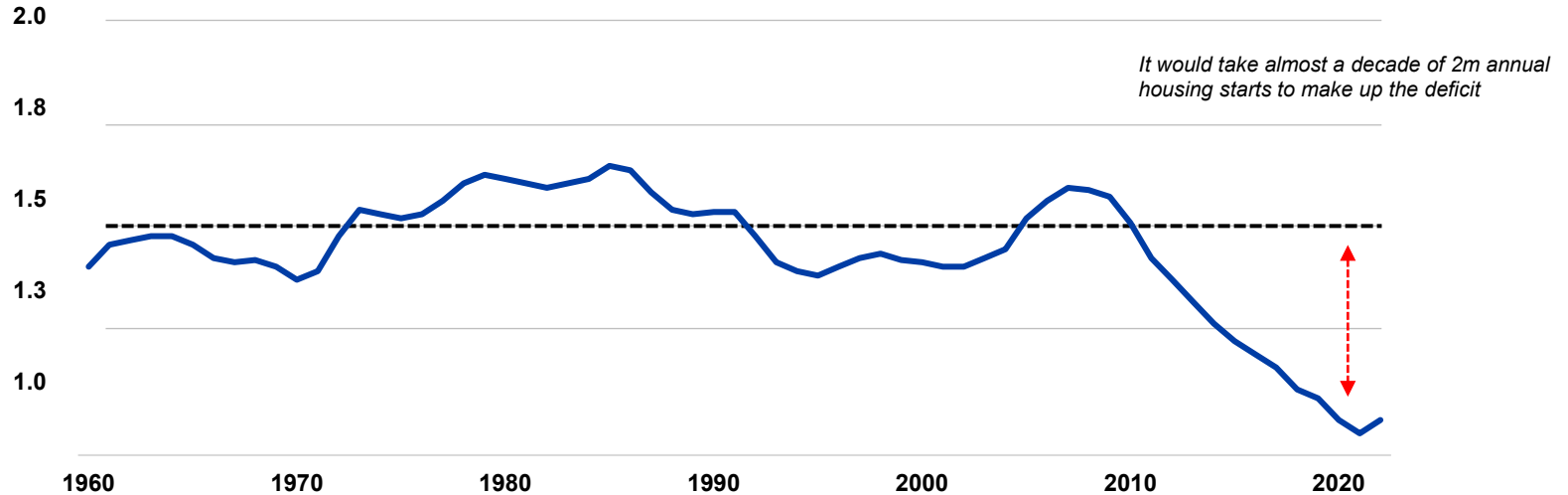
Housing Starts in '000s (Seasonally Adjusted Annual Rate) & YoY% Change



Prior softness in single family starts now resulting in softer completions.

“The Industry Has Never Been This Underbuilt...”

15 Year Trailing Housing Starts (mm)



There has never been such a sustained shortfall in housing starts, and household formation has remained strong

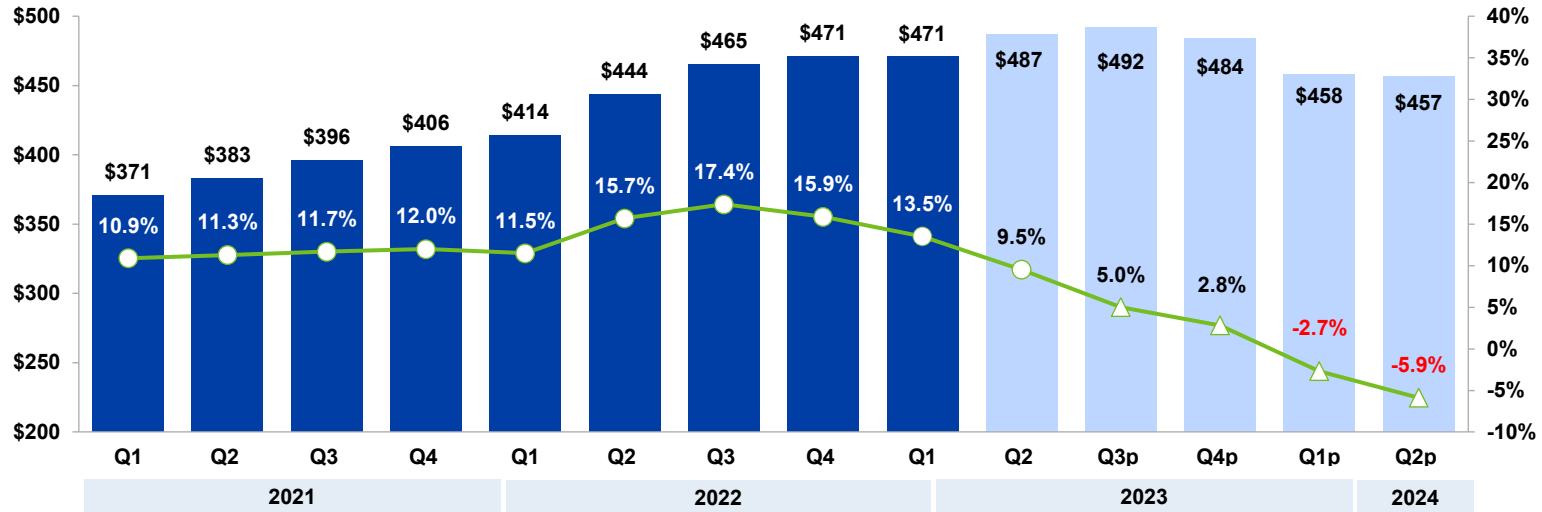
Repaint & Remodel

Leading Indicator of U.S. Remodeling Activity



Homeowner Improvements & Repairs
Four-Quarter Moving Totals in Billions

Four-Quarter Moving
Rate of Change



U.S. Remodeling activity slowing into 2024 – small ticket items like paint expected to hold up better

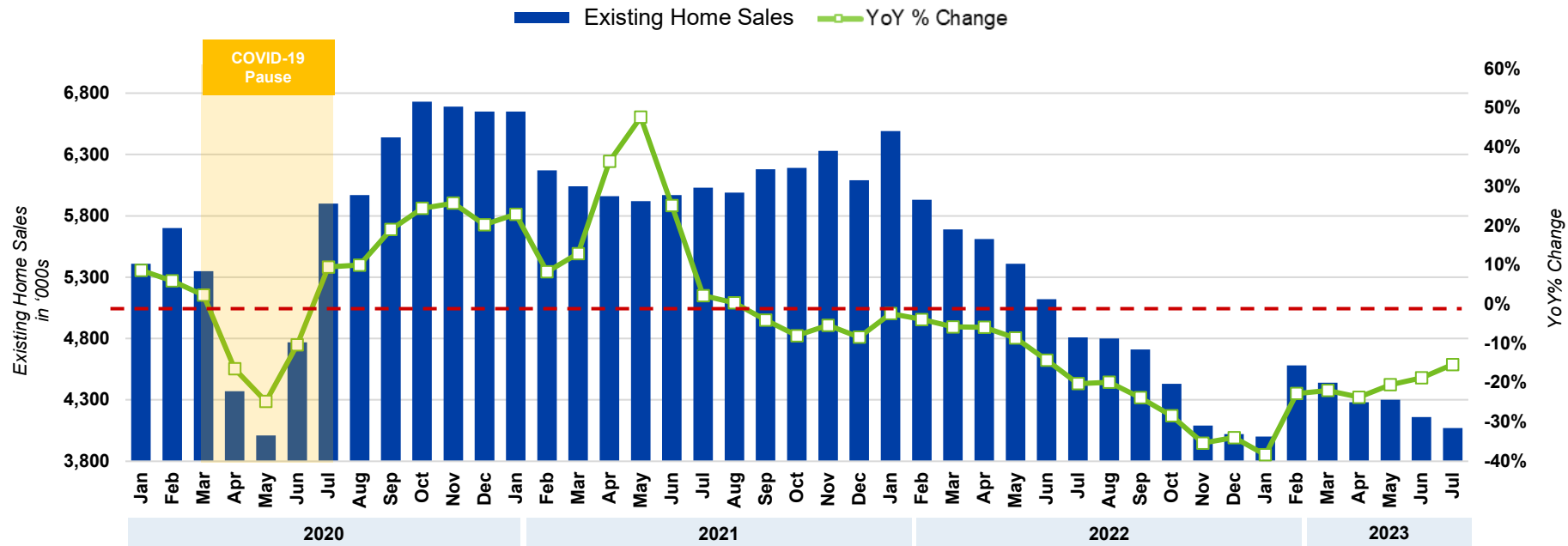
Source: Joint Center for Housing Studies of Harvard University

Notes: Improvements include remodels, replacements, additions and structural alterations that increase the value of homes. Routine maintenance and repairs preserve the current quality of homes. Historical estimates since 2021 are produced using the LIRA model until American Housing Survey benchmark data become available.

Residential Repaint

Existing Home Sales Only One of Many Demand Drivers

Existing Home Sales '000s - SAAR (YoY% Change)



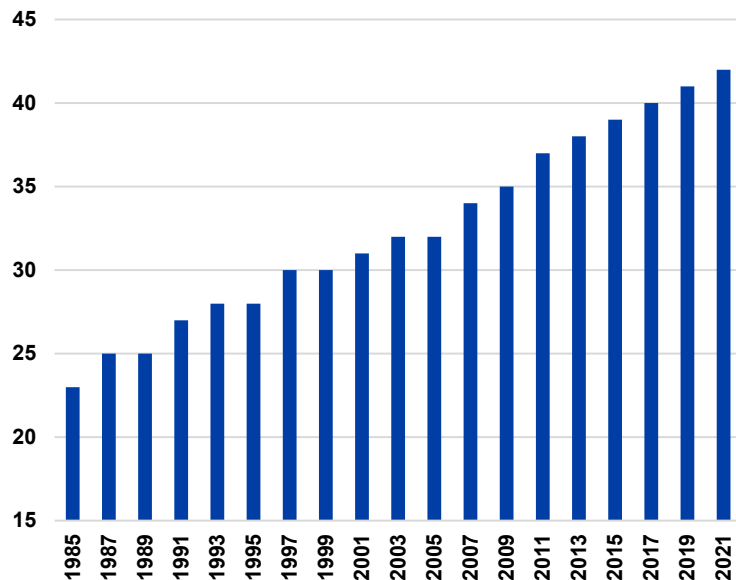
Existing Home Sales remain weak due to low inventory and buyers locked into low mortgage rates. Lack of existing home availability is a tailwind for New Residential demand.

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Residential Repaint

Many Demand Drivers Beyond Existing Home Sales

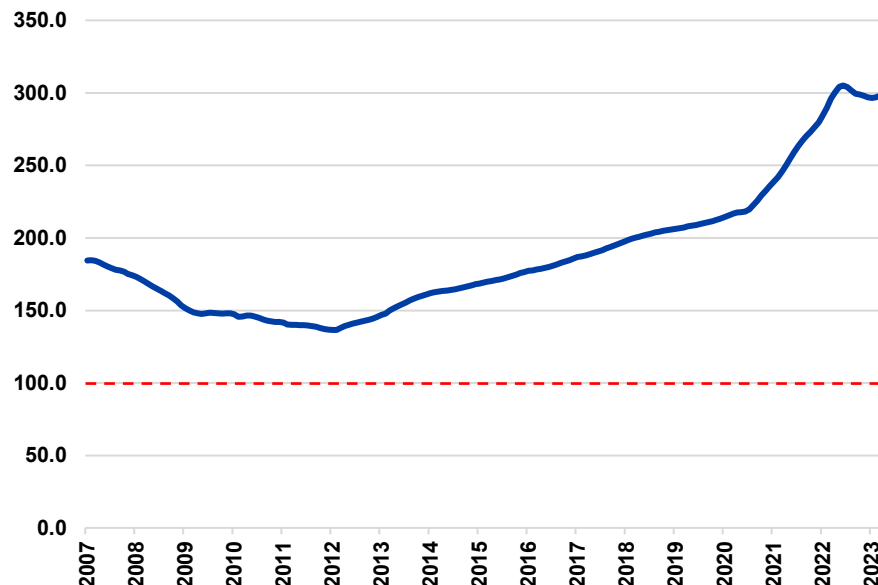
Median Age of Housing Stock



Older Homes Need Maintenance

S&P/Case-Shiller U.S. National Home Price Index

Index Jan 2000=100, Monthly, Seasonally Adjusted

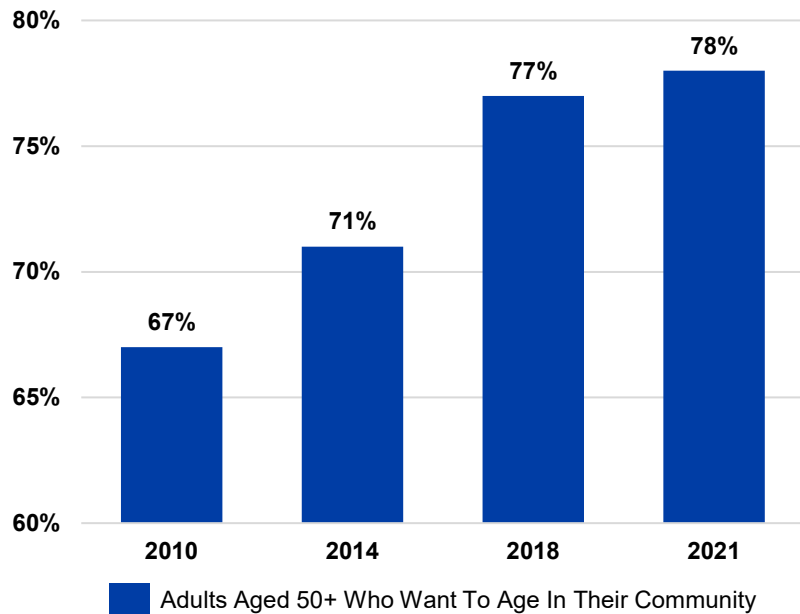


Home Price Appreciation Provides Confidence to Remodel

Residential Repaint

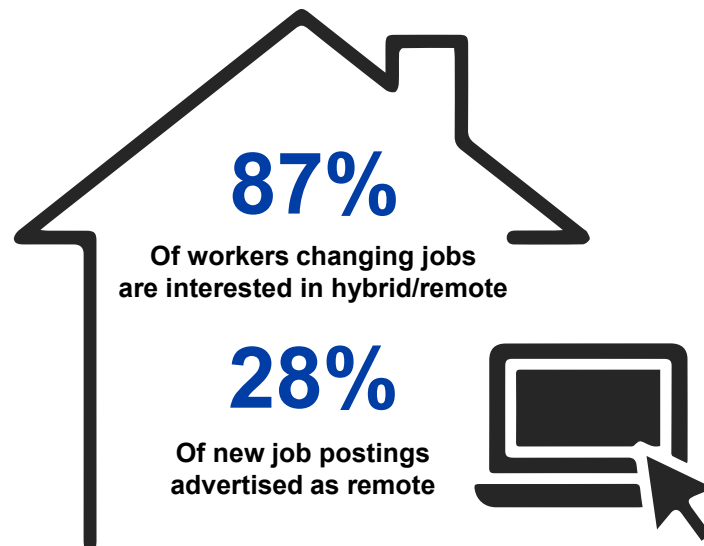
Many Demand Drivers Beyond Existing Home Sales

Aging in Place



Aging in Place Drives Home Modifications

Remote Office Trend Continues

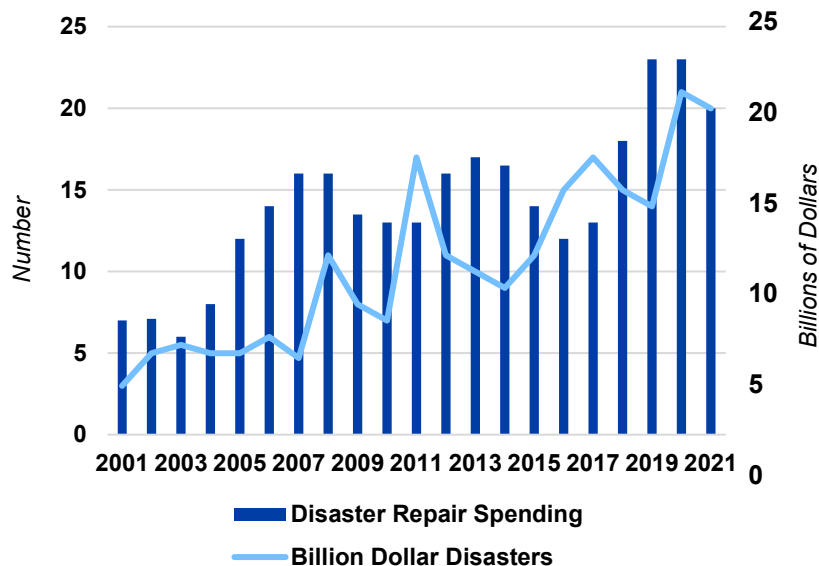


Remote Work Trends Support Home Office Remodels

Residential Repaint

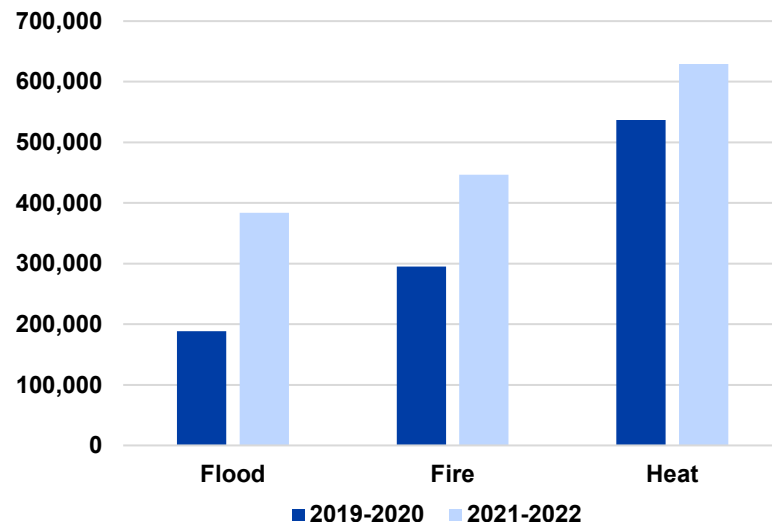
Many Demand Drivers Beyond Existing Home Sales

The Disaster Reconstruction Market Has Grown



More People Are Moving Into Than Out of Disaster-Prone Places

Net inflow to U.S. counties with largest share of homes facing fire, flood and heat risk

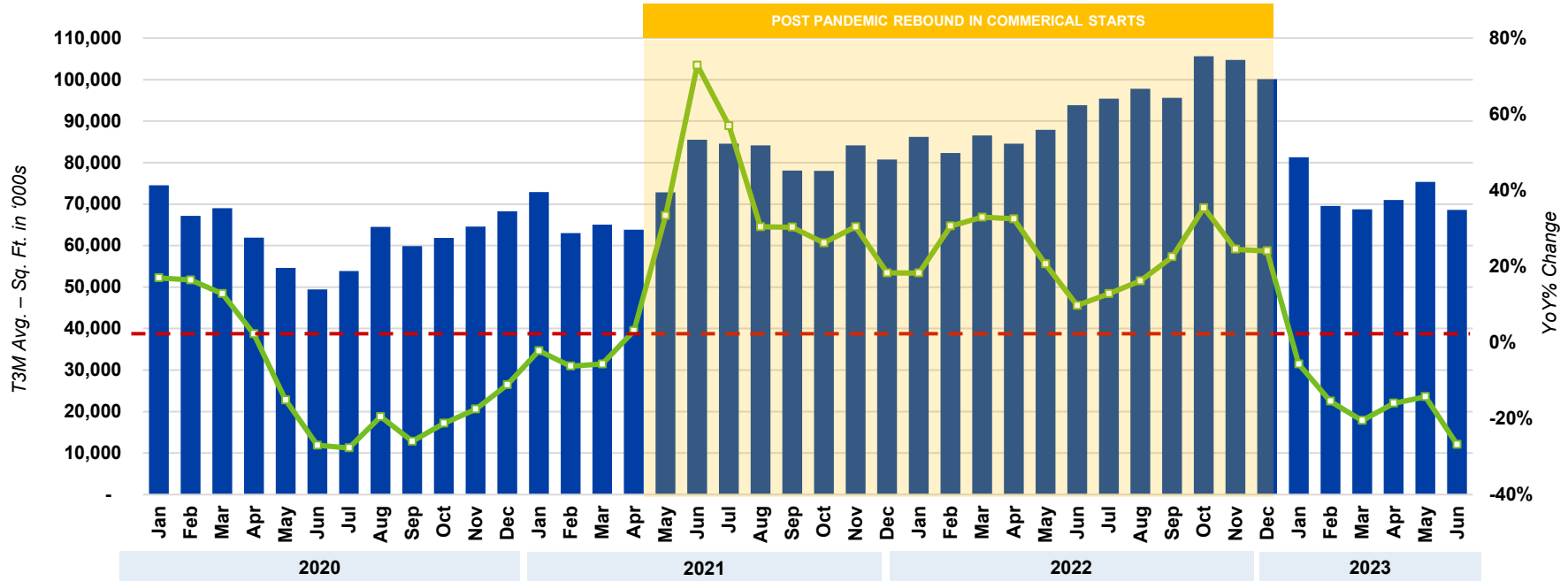


Extreme Weather and Natural Disasters Support Preparedness and Recovery Spending

Commercial Construction Starts

Painting Begins ~12-24 Months After Start

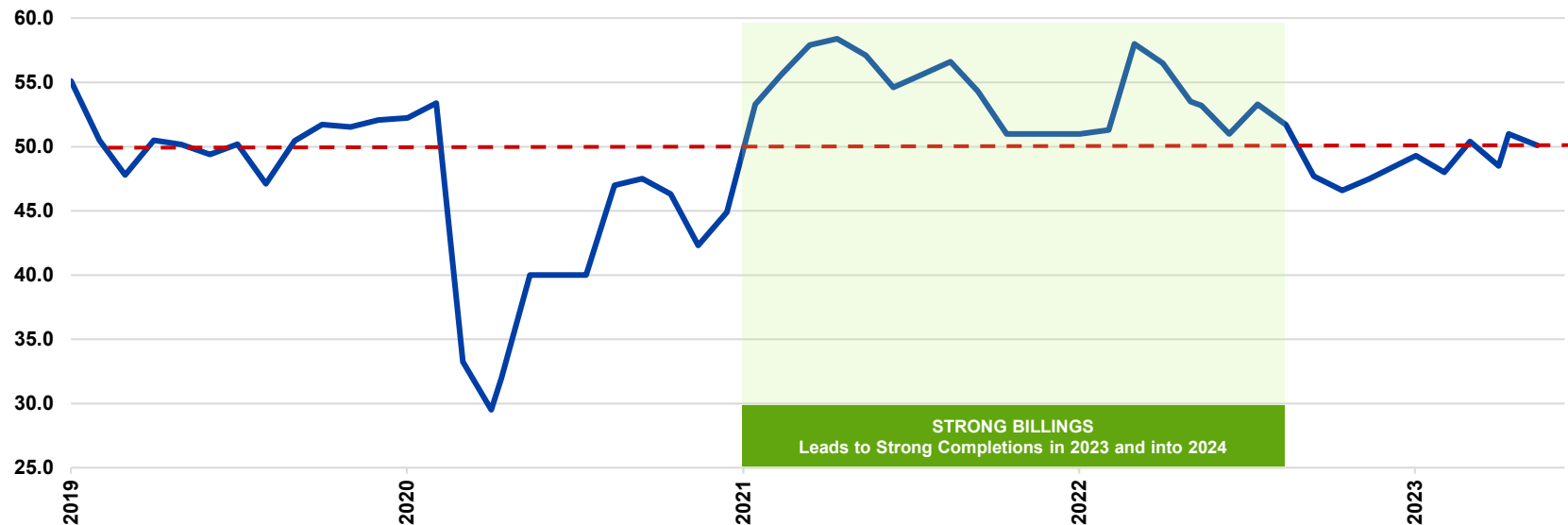
T3M Avg - Sq Ft in '000s and YoY% Change



Robust starts in 2021 and 2022 drive strong completions in 2023 and into 2024.

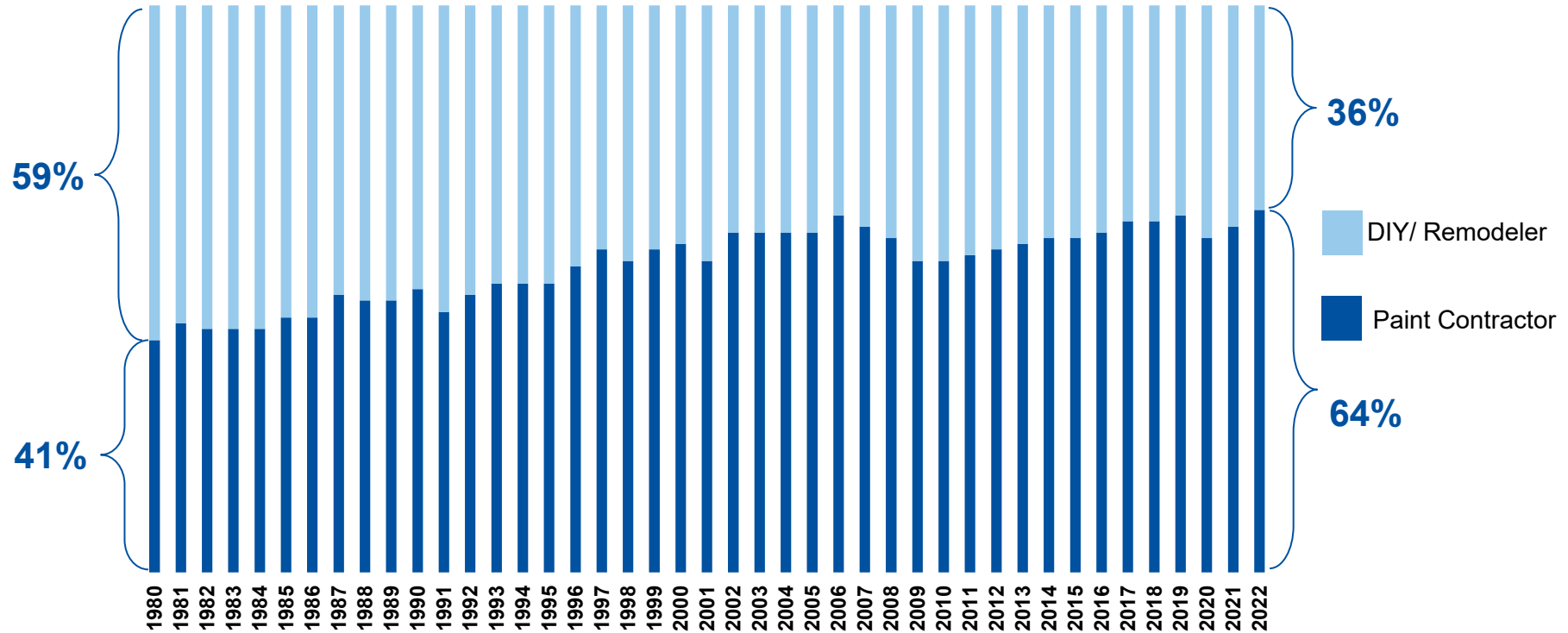
Commercial Construction Trajectory

Architectural Billings Index (ABI) (50+ = expansion)



Positive ABI readings for in 2021 and most of 2022 leads to strong project completions in 2023 and well into 2024

Pro Momentum returns after Pandemic-Driven DIY Spike



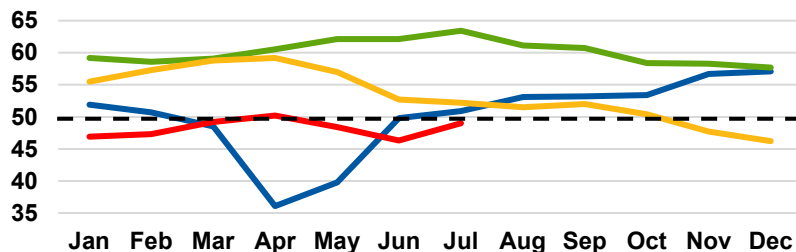
Sherwin-Williams is Well Positioned to Serve Pro and DIY

Industrial Demand by Region

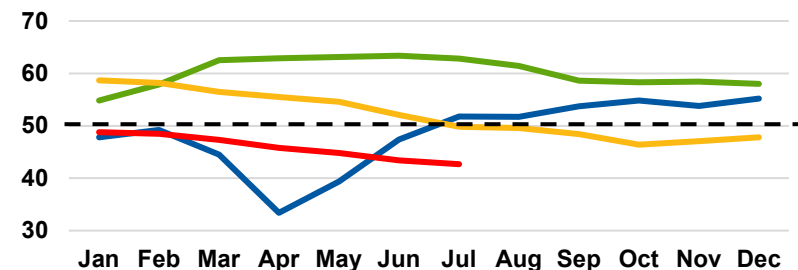
Purchasing Managers Index (PMI) - Manufacturing

— 2020 — 2021 — 2022 — 2023

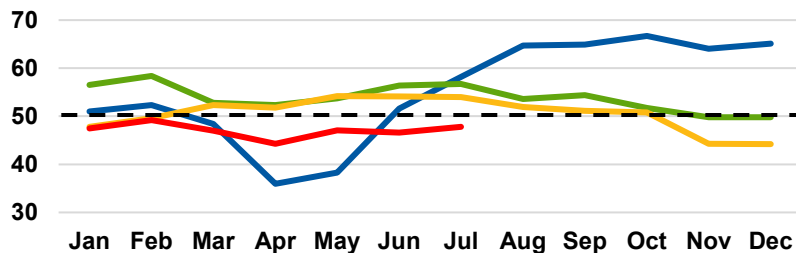
US PMI – S&P GLOBAL (50+ = expansion)



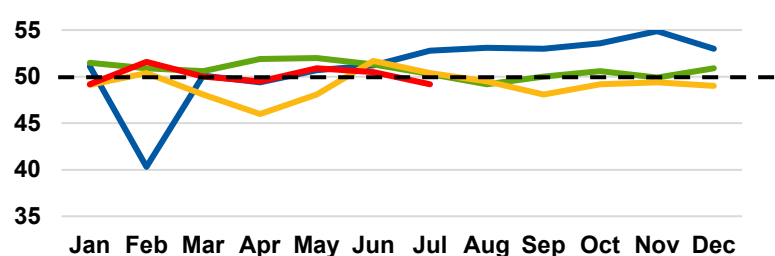
EUROZONE PMI – S&P GLOBAL (50+ = expansion)



BRAZIL PMI – S&P GLOBAL (50+ = expansion)



CHINA PMI – S&P GLOBAL (50+ = expansion)



All Regions Flattish to Contracting Range Throughout 2023

Source: S&P Global. The PMI is a weighted average of the following five indices: New Orders (30%), Output (25%), Employment (20%), Suppliers' Delivery Times (15%) and Stocks of Purchases (10%)

Resilient End Markets



Packaging

Near Term – choppy

- end-user destocking

Long Term – strong

- Shift from plastic to cans: environmental concerns
- New categories: spiked seltzer & energy drinks
- Shift to non-BPA technology
- Customer investments in capacity expansion

By 2027, global demand for beverage cans expected to increase by ~ 125 billion units*

*CRU, Ball Corp.



Automotive Refinish

Near Term & Long Term – strong

- U.S. miles driven near pre-COVID levels
- Industry consolidation creating opportunity
- Labor shortage drives SHW solutions approach
- SHW sustainable product differentiation
- SHW system installations robust

Global auto refinish market forecasted to grow 4.4% CAGR 2023-2028*

*IMARC Group

Opportunities in New Residential and Commercial



Industrial Wood

Near Term – soft

- Soft starts in U.S. new res impacting cabinets, flooring & furniture

Long Term – strong

- U.S. housing has never been this underbuilt
- Demand for sustainable products & color expertise
- Demand for productivity solutions

***HSD global volume decline in 2023 –
+3% volume CAGR expected 2024-27****

**Orr & Boss*



Coil

Near Term – mixed

- Europe and Asia softer than the Americas
- Commercial construction solid

Long Term – strong

- U.S. housing has never been this underbuilt – extrusions, appliances, window frames, decorative metal products
- Demand for sustainable products & color expertise
- Demand for productivity solutions

***Global aluminum extrusion market
expected CAGR of 7.5% from 2022 to 2030****

**Grand View Research*

Construction and Infrastructure



General Industrial

Near Term – mixed

- Heavy equipment stronger than general finishing

Long Term – strong

- Residential, commercial & infrastructure construction
- Demand for sustainable products & color expertise
- Demand for productivity solutions
- Small batch capability

The global heavy construction equipment market is projected at \$273.5 billion by 2030, with a CAGR of 4.4% from 2021 to 2030*

**Allied Market Research*



Protective & Marine

Near Term & Long Term – strong

- Strong manufacturing facility starts in U.S. driven by onshoring
- U.S. EV battery, semiconductor manufacturing plant opportunities
- Oil & gas, water & wastewater, pharmaceutical opportunities
- U.S. infrastructure bill drives maintenance and new construction

Nonbuilding construction starts are expected to grow through 2026 to \$343 billion, 36% higher than in 2022*

**Dodge Construction Forecast June 2023*

Summary: “Built to Thrive”

- ***In choppy and difficult macro environments...***
...we will focus on serving existing customers, growing share of wallet, and winning new accounts
- ***In robust and growing macro environments...***
...we will focus on serving existing customers, growing share of wallet, and winning new accounts
- ***In all macro environments...***
...we expect to continue investing in strategic growth initiatives
- ***In all macro environments...***
...we expect to outperform the overall market

SHERWIN-WILLIAMS®

2023 Financial Community Presentation

Company Overview

JOHN MORIKIS
CHAIRMAN AND CEO

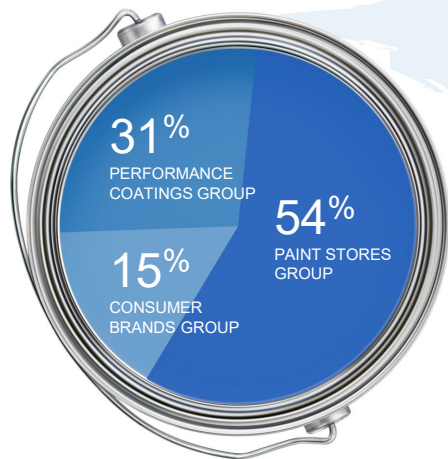


SHERWIN-WILLIAMS®

About Us

\$22.1 billion

2022 Net Sales



64,000+

Employees

5,000+

Stores and
Branches

120+

Countries

136

Manufacturing &
Distribution
Facilities

7,000

Of our employees have
20+ years of service

~1,500

College graduates
recruited annually

7-9%

Best in class annual
turnover in stores

INDUSTRY-LEADING PORTFOLIO OF BRANDS



SHERWIN-WILLIAMS.

valspar®



Purdy



Note: The Americas Group became the Paint Stores Group effective January 1, 2023 to reflect realignment of management and reporting of the Latin America architectural business to the Consumer Brands Group. The 2022 Net Sales diagram reflects this change.

64,000+ Employees Aligned on Our Strategy

Provide Differentiated Solutions That Drive Customer Productivity and Profitability

To Create...

Value and Opportunities for Key Stakeholders

Customers

Shareholders

Employees

Communities

Measured By...

Above Market Growth

ROS

Cash Generation

RONAE

Guided By...

Our Enduring Values

SHERWIN-WILLIAMS.

Paint Stores Group

\$12.0 billion

2022 Net Sales

4,600+

Stores across
the US, Canada
and Caribbean

3,600+

Sales Reps

2,450+

Drivers

3,175+

Delivery vehicles

~1,400

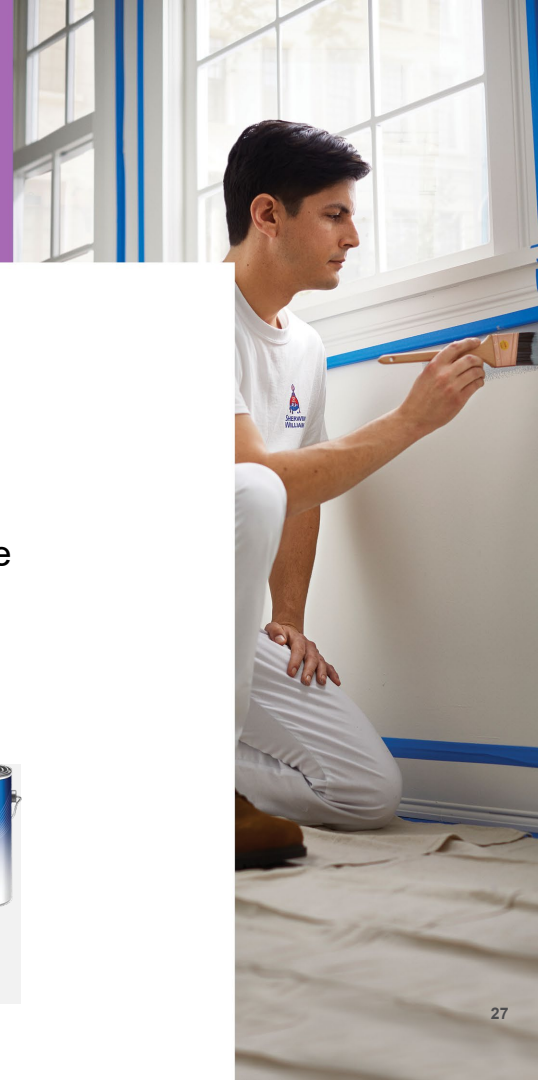
Management trainees
hired in 2022

KEY DIFFERENTIATORS

Customer relationships, trademark service, exceptional products, store locations, controlled distributions, color leadership and digital experience

PRIMARY END MARKETS

- Residential Repaint
- Commercial
- New Residential
- Property Maintenance
- DIY
- Protective & Marine



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Consumer Brands Group

\$3.4 billion

2022 Net Sales

GLOBAL REACH

- North America
- Europe
- Latin America

STRATEGIC CHANNEL PARTNERS AND BRANDS



ORGILL



KEY DIFFERENTIATORS

Hero brands, premier channel partners, category management, training and field support and digital leadership



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Performance Coatings Group

\$6.8 billion

2022 Net Sales

120+

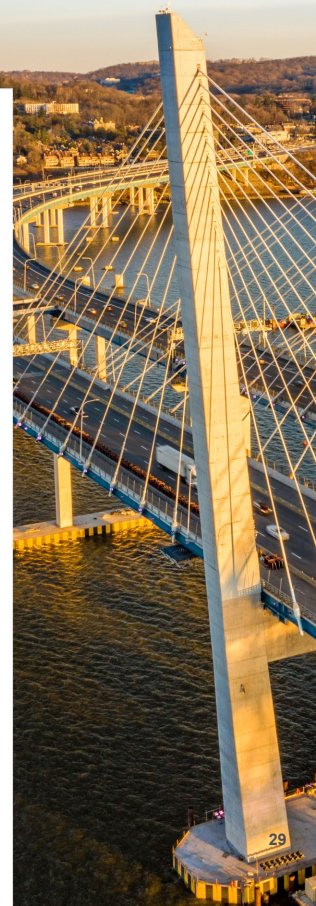
Countries

BUSINESSES

- Automotive Refinish
- Coil
- General Industrial
- Industrial Wood
- Packaging
- Protective & Marine

KEY DIFFERENTIATORS

Local service model, highly specified coatings, global expertise, product innovation, color solutions and customer-focused



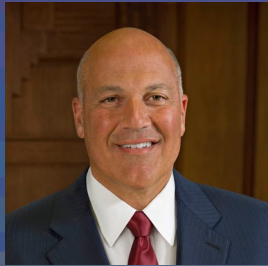
Why Invest in SHW?



THE BEST IS AHEAD

Consistent Investment in the Business Strengthens Our Market Leading Position

Enterprise Discussion



John Morikis
Chairman and CEO



Heidi Petz
President and COO



Al Mistysyn
SVP – Finance and CFO

SHERWIN-WILLIAMS®

Enterprise Strategic Priorities



Talent & Culture



Supply Chain Resilience



Above Market Growth



Digitization



Simplification



Sustainability

Continue Driving Profitable Growth While Investing in Our Business

Talent & Culture

Our Greatest Solution is Our People

~1,500

College graduates
recruited annually

~10,000

Management Trainee
Program graduates currently
throughout the Company

7,000

Of our employees have
20+ years of service

80%

Of PSG and Industrial
reps have 5 or more
years of service

7-9%

Best in class annual
turnover in stores

85%

Of employees responded
favorably to recommend
Sherwin-Williams as
a place to work*

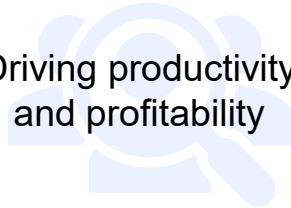


**According to 2021 Global Employee Engagement Survey*

Drive Above Market Growth

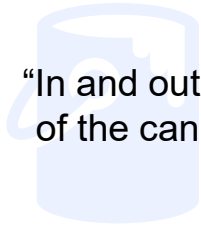
Relentless Customer Focus

Driving productivity
and profitability



Industry Leading Innovation

“In and out”
of the can



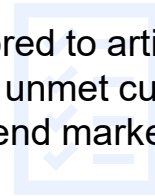
Unique Distribution

Global scale
with local support



Value-Added Services

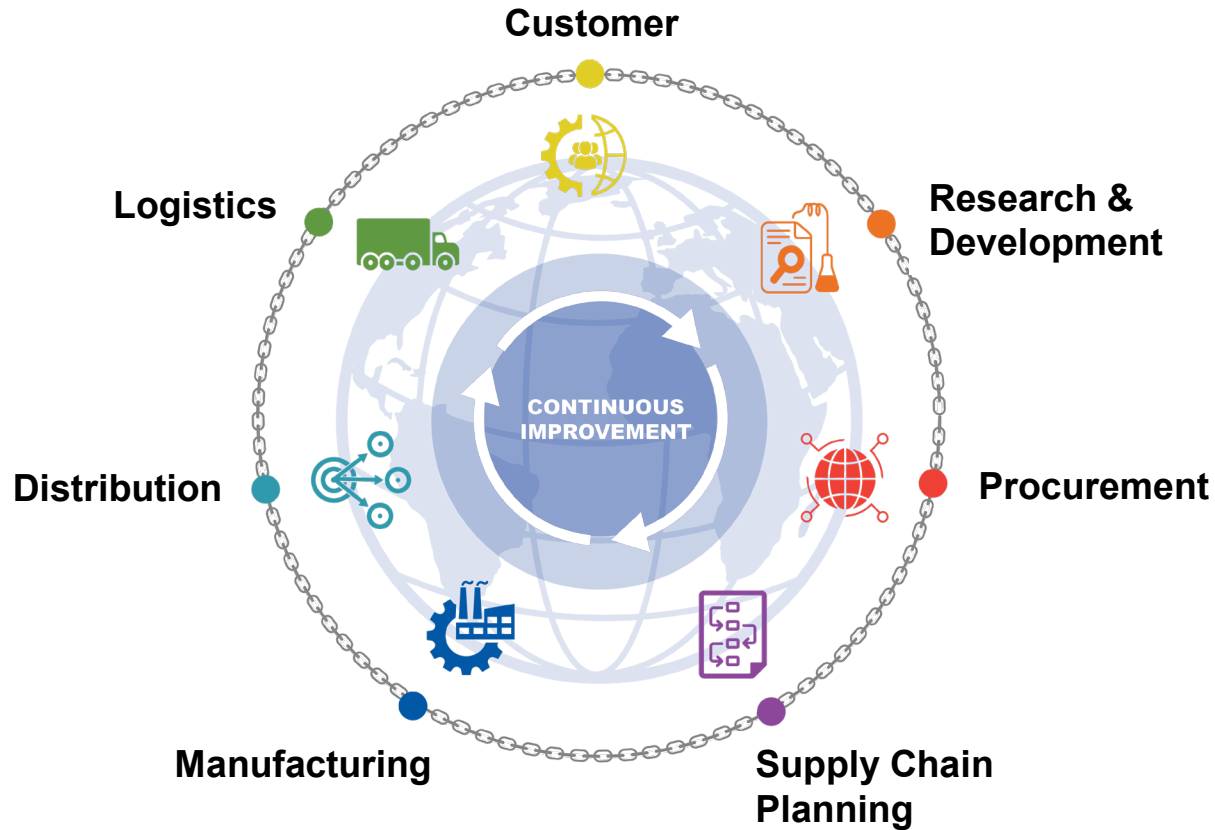
Tailored to articulated
and unmet customer
and end market needs



Differentiated Solutions



End to End Global Supply Chain Resilience



Accelerate Simplification and Digitization



Continuously improve cost position and speed to market



Continuously improve ease and visibility of data



Drive faster and better decision making



Execute Our Sustainability Strategy

Clear Goals – Committed Leadership



Environmental Footprint

Doing Our Part for the Planet



Product Blueprint

Driving Sustainability Through Innovation



Social Imprint

Elevating a Culture of Safety, Inclusion and Community



Governance & Ethics

Strong Board Engagement and Appropriate Oversight

2019-2022 – Driving Performance and Investing in a Volatile Environment

Sales 6% CAGR <i>(+4.6B)</i>	Adjusted EPS 9% CAGR <i>(+\$2.55)</i>	Net Operating Cash \$9.9B <i>(12.6% of sales)</i>	Share Repurchases \$6.9B <i>(30.15M shares)</i>	Dividends \$2.1B <i>(17.6% CAGR)</i>
Net New Stores 270 <i>(PSG)</i>	New Sales Reps 247 <i>(PSG)</i>	Management Trainees 5,597	New Capacity Invested in 15 new or expanded plants	New Arch Products 50 <i>(PSG & CBG)</i>
Building Our Future Global HQ & R&D Investment	Acquisitions 12	Adjusted EBITDA 17.1% of sales <i>(6.3% CAGR)</i>	RONAE +530 bps <i>(from 13.1% to 18.4%)</i>	Total Shareholder Return 87.5% <i>(17.0% CAGR)</i>

Pandemic - Industry Supply Chain - Relentless Inflation - Labor Challenges - Armed Conflict - Social Unrest - Extreme Weather

Note: Data is from four year period beginning January 1, 2019 through December 31, 2022

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Midterm Financial Targets

Sales

+MSD Over Cycle

PSG: +MSD to +HSD
CBG: +LSD
PCG: +MSD

Gross Margin

45% to 48%

Current goal

EBITDA Margin

19% to 21%

Working Capital*

11.0% to 11.5%

Net Operating Cash

13% to 14%

Strong cash generation

Leverage Ratio

2.0x to 2.5x

Net debt to EBITDA

* as % to sales

LSD, MSD, HSD, DD = low, mid, high single digits and double digits, respectively

Consistent Capital Allocation

Consistent Capital Allocation Philosophy: We Will Not Hold Cash

**CAPEX
Investment**
*Modest
Requirements*

<2.0%*

Target As
% Of Sales

Dividend
*Target 30% of
PY GAAP
Earnings*

44

Consecutive
Years Of Increases

Strategic M&A
*Clearly Defined
Criteria*

16

Transactions
In Last Decade

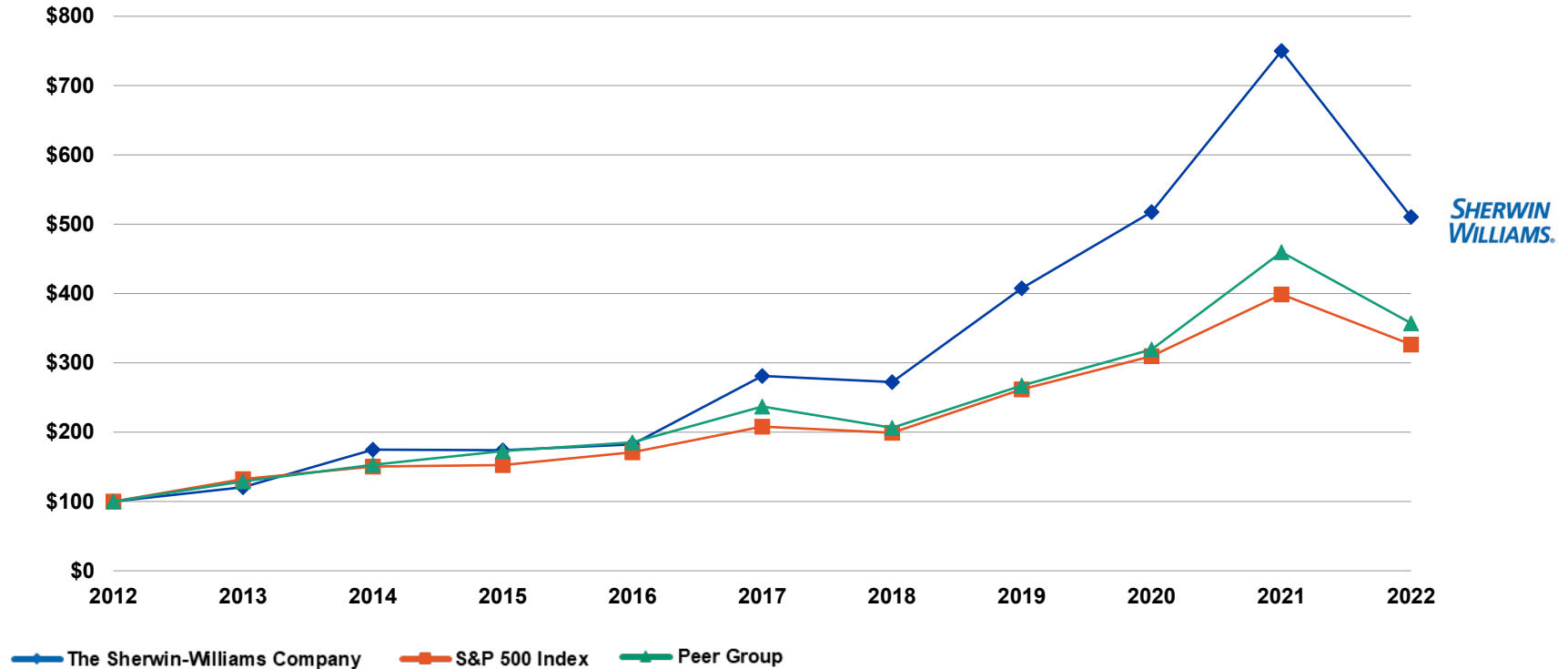
**Share
Repurchase**
*Absent Strategic
M&A*

79.1

Million Shares
Purchased In
Last Decade

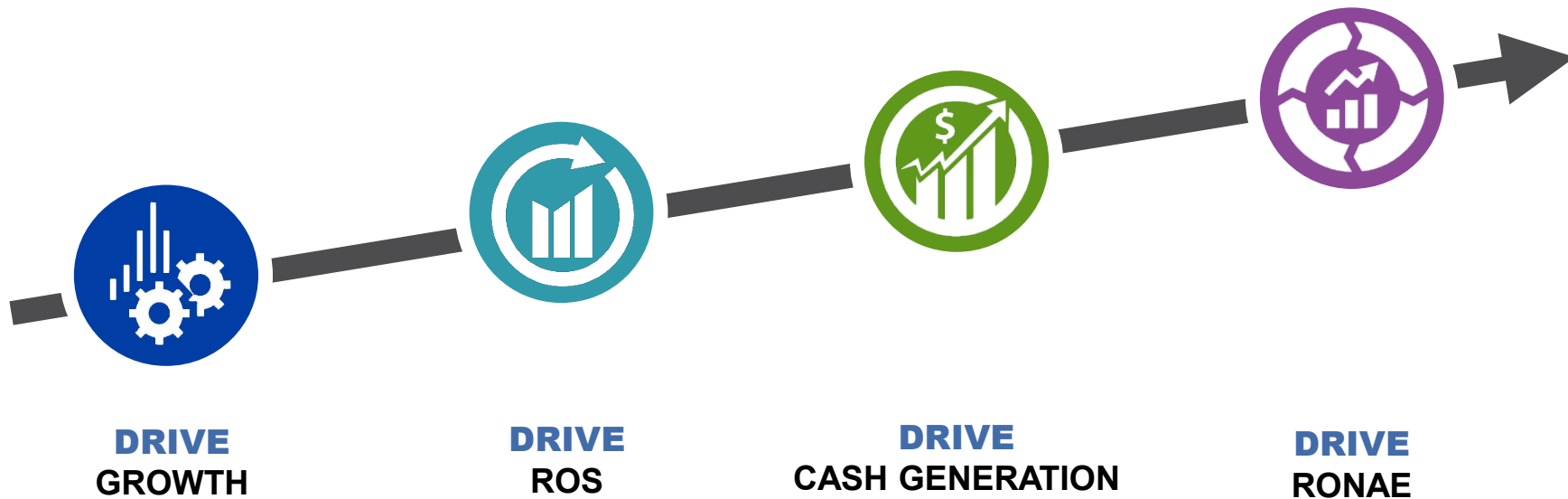
*Excludes new global HQ and R&D building investments

Comparison of Cumulative Ten-Year Total Return



Peer group of companies comprised of the following: Akzo Nobel N.V., Axalta Coating Systems Ltd., BASF SE, Genuine Parts Company, H.B. Fuller Company, The Home Depot, Inc., Lowe's Companies, Inc., Masco Corporation, Newell Brands Inc., PPG Industries, Inc., RPM International Inc., and Stanley Black & Decker, Inc.

Driving Shareholder Value



BREAK

We will resume momentarily

SHERWIN-WILLIAMS®

Paint Stores Group

Justin Binns – President

DISCUSSION TOPICS



Store Business Model

Strong and getting stronger



Innovation

Products and services that drive customer success



Growth & Margin Expansion

Significant opportunities



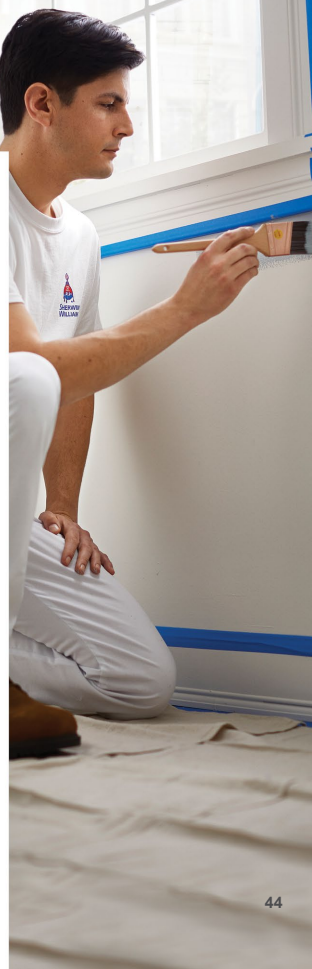
Residential Repaint

Largest business, largest opportunity



New Residential

Long-term outlook outweighs near-term choppiness



Consumer Brands Group

Todd Rea – President

DISCUSSION TOPICS



North America DIY

Well positioned with right partners



Portfolio

Executing on optimization



Pros Who Paint

Continue driving outsize growth



High Teens / Low 20s Margin

Achievable and on-track



International

Growth and margin opportunities

Talent Drives Tailored Differentiation



Performance Coatings Group

Karl Jorgenrud – President

DISCUSSION TOPICS



Differentiation

Unique core competencies



Innovation / Sustainability

Solutions that customers value



High-Teens / Low 20s Margin

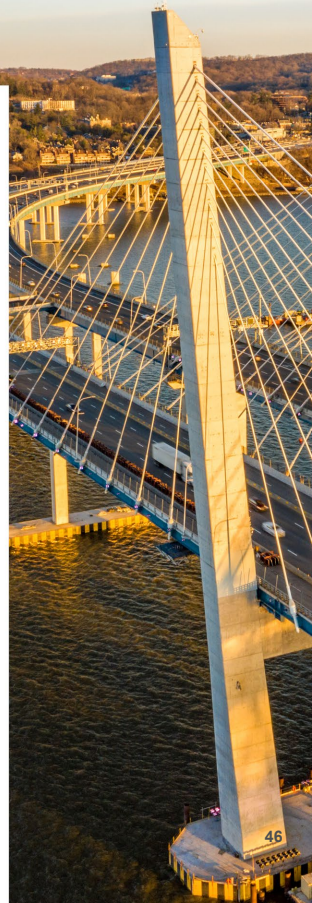
Achievable and on-track



Acquisitions

Disciplined process adding value

Talent Drives Tailored Differentiation



Why Invest in SHW?



THE BEST IS AHEAD

Consistent Investment in the Business Strengthens Our Market Leading Position

Regulation G Reconciliation – Adjusted EPS

(\$ in millions)

	2018	2019	2020	2021	2022
Diluted net income per share	\$ 3.89	\$ 5.50	\$ 7.36	\$ 6.98	\$ 7.72
<u>Adjustments:</u>					
Loss on divestiture				0.34	
Trademark impairment		0.33			
Brazil indirect tax credit		(0.12)			
California litigation expense provision		(0.09)			
California litigation expense	0.36				
Tax credit investment loss		0.26			
Pension plan settlement expense	0.10	0.09			
Environmental expense provision	0.44				
Total other adjustments	\$ 0.90	\$ 0.47		\$ 0.34	
<u>Restructuring expense:</u>					
Severance and other					0.15
Impairment					0.05
Total restructuring expense				\$	0.20
<u>Acquisition-related costs:</u>					
Integration costs	0.52	0.23			
Purchase accounting impacts	0.87				
Acquisition-related amortization expense		0.84	0.83	0.83	0.81
Total acquisition-related costs	\$ 1.39	\$ 1.07	\$ 0.83	\$ 0.83	\$ 0.81
Adjusted diluted net income per share	\$ 6.18	\$ 7.04	\$ 8.19	\$ 8.15	\$ 8.73

Note: Represents split-adjusted per share amounts

Data is from four year period beginning January 1, 2019 through December 31, 2022

Regulation G Reconciliation – Adjusted EBITDA

(\$ in millions)	2018	2019	2020	2021	2022
Net income	\$ 1,108.8	\$ 1,541.3	\$ 2,030.4	\$ 1,864.4	\$ 2,020.1
Interest expense	366.7	349.3	340.4	334.7	390.8
Income taxes	250.9	440.5	488.8	384.2	553.0
Depreciation	278.2	262.1	268.0	263.1	264.0
Amortization	318.1	312.8	313.4	309.5	317.1
EBITDA	\$ 2,322.7	\$ 2,906.0	\$ 3,441.0	\$ 3,155.9	\$ 3,545.0
Restructuring and Impairment					62.8
Loss on divestiture				111.9	
Trademark impairment		122.1			
Brazil indirect tax credit		(50.8)			
California litigation expense provision		(34.7)			
Pension plan settlement expense	37.6	32.4			
Transaction and Integration costs	157.7	81.8			
California litigation expense	136.3				
Environmental expense provision	167.6				
Adjusted EBITDA	\$ 2,821.9	\$ 3,056.8	\$ 3,441.0	\$ 3,267.8	\$ 3,607.8