



SHERWIN-WILLIAMS.

2Q 2023 Results

July 25, 2023

Forward-Looking Statements

This presentation contains certain “forward-looking statements,” as defined under U.S. federal securities laws with respect to sales, earnings and other matters. 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 are based upon management’s 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 performance, results and experience. These risks, uncertainties and other factors include such things as: 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.

2Q 2023 Financial Performance Highlights

(\$ in millions, except per share data)	2Q 2023	2Q 2022	% Change
Sales	\$6,240.6	\$5,872.3	6.3%
Gross Profit	\$2,872.3	\$2,449.0	17.3%
<i>Gross Margin</i>	<i>46.0%</i>	<i>41.7%</i>	<i>+430 bps</i>
Reported EPS	\$3.07	\$2.21	38.9%
Adjusted EPS ⁽¹⁾	\$3.29	\$2.41	36.5%
EBITDA ⁽¹⁾	\$1,282.5	\$976.1	31.4%
<i>% of Sales</i>	<i>20.6%</i>	<i>16.6%</i>	<i>+400 bps</i>
Net Operating Cash	\$1,206.4	\$613.4	96.7%

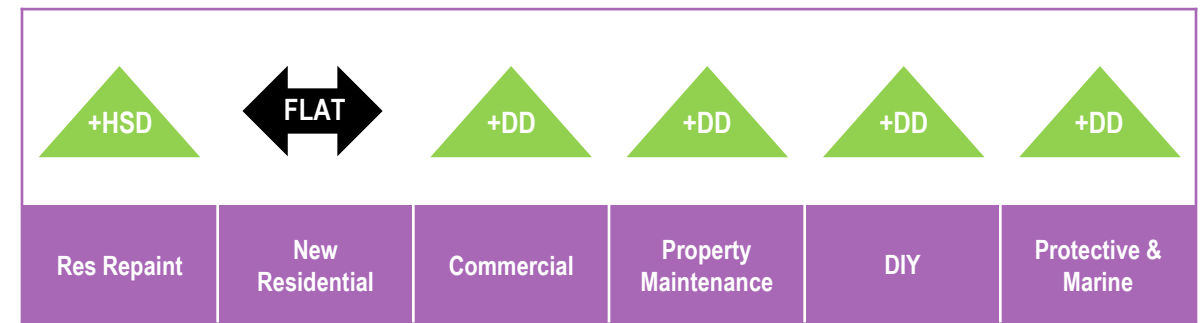
- Sales increased 6.3% driven by a MSD architectural volume increase, effective pricing and a LSD contribution from acquisitions, partially offset by declines in industrial volumes
 - Sales in all three segments exceeded previous guidance
- Gross margin expanded 430 basis points to 46.0%, driven by Paint Stores Group volume and moderating raw material costs
- Sequential and year-over-year segment margin expansion in all three segments
- Strong DD percentage growth in EPS
- EBITDA grew 31.4% to \$1.3 billion, or 20.6% of sales
- Generated \$1.2 billion of net operating cash, compared to \$613.4 million in prior-year second quarter
 - Continued investments in long-term growth initiatives
 - Returned \$390.5 million to shareholders through dividends and share repurchases

Paint Stores Group (PSG)

- Sales increased 10.0% driven by MSD volume growth and effective pricing
 - DD percentage growth in Protective & Marine, Commercial, Property Maintenance and DIY
 - Residential Repair up HSD despite continued weakness in existing home sales
 - New Residential flat but outperforming market – prior softness in starts now resulting in slowing completions as expected
- Segment margin increased 280 basis points to 24.3% driven by strong volume
- Continued SG&A investments in long-term growth initiatives



(\$ in millions)	2Q 2023	2Q 2022	% Change
Sales	\$3,498.7	\$3,181.0	10.0%
Segment Profit	\$849.3	\$684.0	24.2%
Segment Margin	24.3%	21.5%	+280 bps



2Q-23 sales vs. 2Q-22 sales

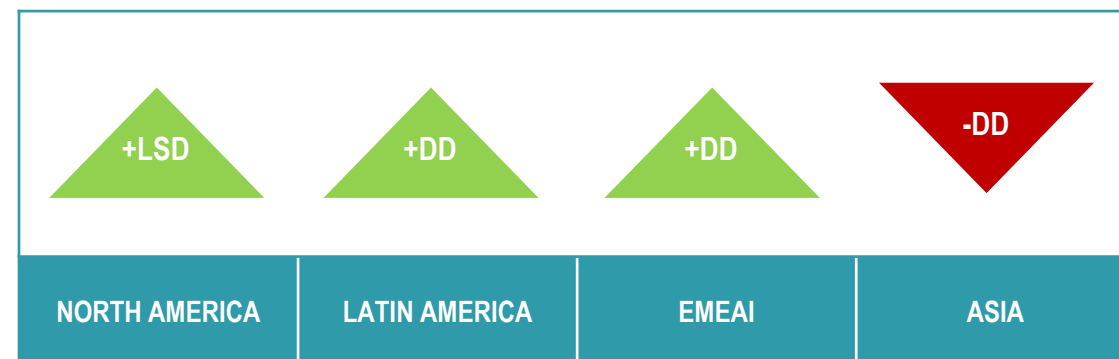
Note: The Americas Group became Paint Stores Group effective January 1, 2023 to reflect realignment of management and reporting of Latin America architectural business to Consumer Brands Group.
 2Q Paint Stores Group results reflect this change in both years.
 Note: All comparisons are to the second quarter of the prior year, unless otherwise noted
 Note: LSD/MSD/HSD = low, mid or high single digit %. DD = double digit %

Consumer Brands Group (CBG)

- Sales increased 5.1% driven primarily by MSD pricing
 - North America up LSD led by growth in Pros Who Paint category
 - Strong DD growth in Latin America and Europe
 - DD decrease in China architectural business; previously announced divestiture expected to be completed in 3Q 2023
- Completed divestiture of non-core domestic aerosol business
- Adjusted segment margin improved 470 bps to 15.7% driven by sales growth, moderating raw material costs and good cost control



(\$ in millions)	2Q 2023	2Q 2022	% Change
Sales	\$945.8	\$900.0	5.1%
Reported Segment Profit	\$110.3	\$79.9	38.0%
<i>Reported Segment Margin</i>	<i>11.7%</i>	<i>8.9%</i>	<i>+280 bps</i>
Adjusted Segment Profit ⁽¹⁾	\$148.3	\$99.0	49.8%
<i>Adjusted Segment Margin</i>	<i>15.7%</i>	<i>11.0%</i>	<i>+470 bps</i>



2Q-23 sales vs. 2Q-22 sales

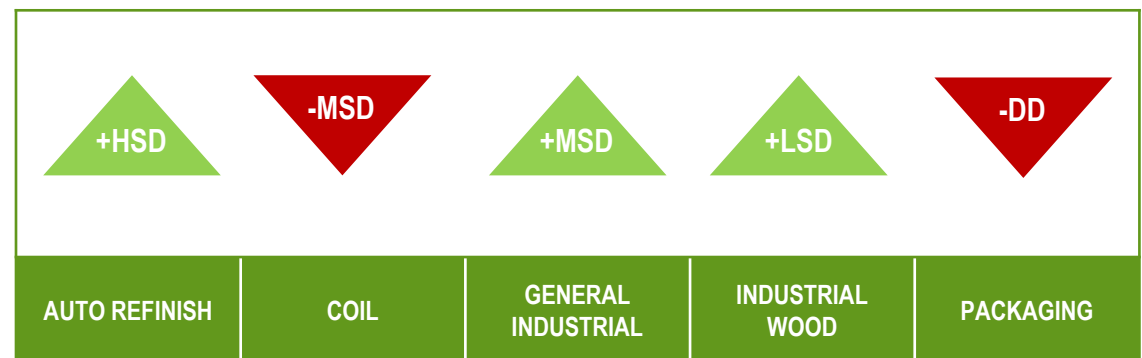
Note: Consumer Brands Group 2Q results in both years reflect the inclusion of the Latin America architectural business, which was previously reported in The Americas Group (now known as Paint Stores Group)
 Note: All comparisons are to the second quarter of the prior year, unless otherwise noted
 Note: LSD/MSD/HSD = low, mid or high single digit %. DD = double digit %
 (1) Adjusted segment profit equals Segment profit excluding the impact of restructuring costs, impairment charges, and acquisition-related amortization expense; reconciliation from segment profit to adjusted segment profit provided in Appendix

Performance Coatings Group (PCG)

- Sales up slightly (+0.3%) – MSD pricing and a MSD contribution from acquisitions offset by a HSD volume decline
- MSD growth in Europe, LSD growth in North America, LSD declines in Latin America and DD declines in Asia Pacific
- Sales led by HSD growth in Auto Refinish, followed by General Industrial and Industrial Wood
- Packaging down as expected against strong DD prior year comparison and continued end-customer destocking; Coil down against strong DD prior year comparison and Russia exit impact
- Adjusted segment margin improved 420 bps year-over-year to 18.0%, within our targeted range of high-teens to low-twenties percentage



(\$ in millions)	2Q 2023	2Q 2022	% Change
Sales	\$1,794.9	\$1,790.3	0.3%
Reported Segment Profit	\$272.7	\$196.8	38.6%
<i>Reported Segment Margin</i>	<i>15.2%</i>	<i>11.0%</i>	<i>+420 bps</i>
Adjusted Segment Profit ⁽¹⁾	\$322.3	\$247.1	30.4%
<i>Adjusted Segment Margin</i>	<i>18.0%</i>	<i>13.8%</i>	<i>+420 bps</i>



2Q-23 sales vs. 2Q-22 sales

Guidance

Third Quarter 2023

Sales

- Up or down low-single-digit percentage
- **Segments**
 - **PSG:** flat to up low-single-digit percentage
 - **CBG:** down mid to high-single-digit percentage
 - Excluding impact of portfolio adjustments, expect sales to be down low to mid-single-digit percentage
 - **PCG:** flat to down low-single-digit percentage

Full Year 2023

Sales

- Up low-single-digit percentage
- Foreign Exchange: < -1.0%
- **Segments**
 - **PSG:** up mid to high-single-digit percentage
 - **CBG:** down low-single-digit percentage
 - Excluding impact of portfolio adjustments, expect sales to be flat to down low-single-digit percentage
 - **PCG:** flat to up low-single-digit percentage

GAAP Earnings Per Share: \$8.46-\$8.86

- Includes acquisition-related amortization expense of \$0.81 per share and net expense related to the restructuring plan of \$0.03 per share
- Adjusted earnings per share: \$9.30-\$9.70

Raw materials: down mid to high-single-digit percentage

Capital expenditures: \$700 million total, includes \$250 million for new R&D facility

Interest expense: approximately \$440 million

Depreciation (~\$300 million) and **amortization** (~\$340 million)

Tax rate: low 20s percent

Restructuring Actions Update – Lower One-Time Costs for Same Estimated Savings

(originally announced 10/25/2022)

Cost Breakout (estimated amounts)

\$ in millions		Original Estimated Total One-Time Costs (as of 10/25/2022)	Actual 4Q 2022 One-Time Costs	Actual 1Q 2023 One-Time Costs	Actual 2Q 2023 One-Time Costs	Actual Total One-Time Costs (as of 6/30/2023)	Estimated Total Annual Savings
Category	Gross Profit	\$40	\$9.0	-	\$4.9	\$13.9 ⁽¹⁾	\$10
	SG&A	\$130	\$37.9	\$0.9	\$9.5	\$48.3 ⁽¹⁾	\$50
	Trademark Impairment & Gain on Sale	-	\$16.4	-	\$13.9	\$30.3	-
Segment	Consumer Brands Group	\$135	\$41.1	\$1.0	\$20.1	\$62.2 ⁽²⁾	\$35
	Performance Coatings Group	\$25	\$22.2	(\$0.1)	(\$0.1)	\$22.0	\$15
	Administrative	\$10	-	-	\$8.3	\$8.3	\$10
Region	North America	\$65	\$18.0	\$0.2	(\$11.4)	\$6.8 ⁽³⁾	\$15
	EMEA	\$20	\$20.6	\$0.6	-	\$21.2	\$20
	APAC	\$85	\$24.7	\$0.1	\$39.7	\$64.5	\$25

\$92.5 million one-time cost estimate (originally estimated \$160.0-\$180.0 million) – no further material one-time costs expected

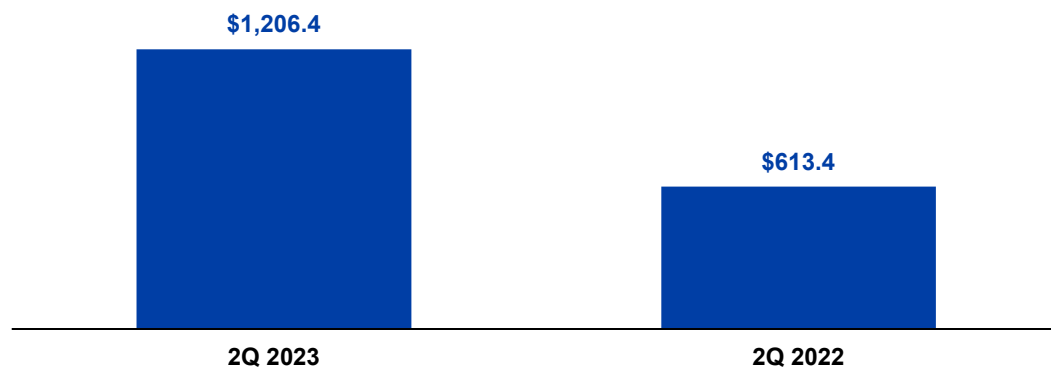
- 2022 one-time costs: \$63.3 million
- 2023 one-time costs: \$29.2 million

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

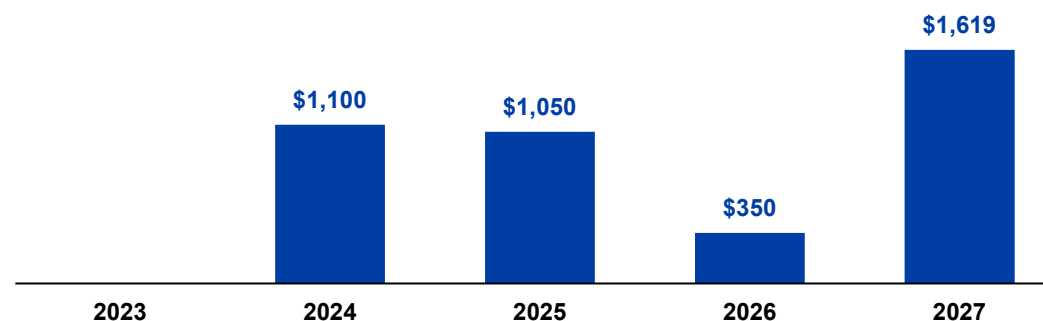
- 75% realized by end of 2023, full run-rate by end of 2024

Strong Financial Position

Operating Cash Flow (\$ in millions)



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



Cash & Liquidity Position (\$ in millions)

	6/30/2023
Cash	\$209.4
Liquidity	
Total Credit Facilities	\$3,750.0
(Less Amount Utilized)	(875.6)
Net Credit Available	\$2,874.4

Selected Financial Ratios

	6/30/2023
Total Debt / TTM EBITDA	2.6x
Net Debt / TTM EBITDA	2.5x

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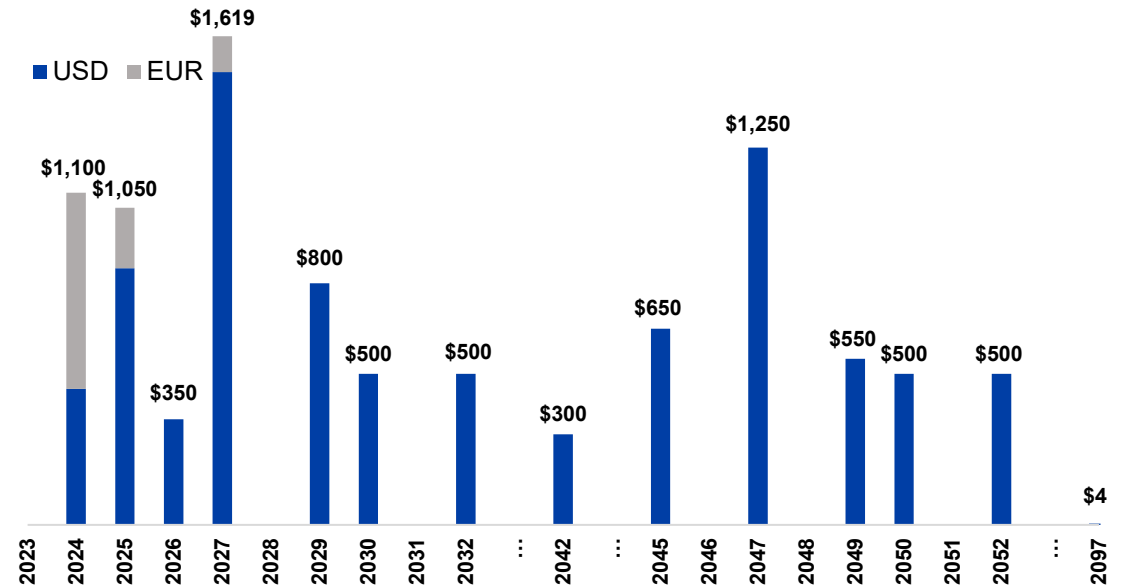
Appendix



Debt Summary (as of June 30, 2023)

				Q2 2023	
				Balance	Int. Rate
Short-Term:					
Domestic				805.6	5.41%
Non-Domestic:				0.6	11.36%
Total Short-Term Borrowings				806.1	5.41%
Long-Term:					
7-year, 3.125% notes due ⁽¹⁾	2024	500.0	1.39%		
2-year, 4.05% notes due ⁽²⁾	2024	600.0	3.70%		
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 ⁽³⁾	2025	400.0	3.62%		
10-year, 3.95% notes due	2026	350.0	3.95%		
30-year, 7.375% notes due	2027	119.4	7.38%		
10-year, 3.45% notes due ⁽⁴⁾	2027	1,500.0	3.32%		
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	0.9	3.38%		
Other ⁽⁵⁾		(78.6)	0.00%		
Total LT Debt				9,595.2	3.45%
Total Debt				10,401.4	3.60%

Maturities of Long-Term Debt



Fixed vs. Floating Rate Debt



(1) Debt swapped to EUR fixed rate interest

(2) \$150 million of 2024 2-year bonds swapped to EUR

(3) \$200 million of 2025 3-year bonds swapped to EUR

(4) \$163 million of 2027 10-year bonds swapped to EUR

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

Adjustments to Segment Profit

(\$ in millions)	Three Months Ended June 30, 2023					Three Months Ended June 30, 2022				
	Paint Stores Group	Consumer Brands Group	Performance Coatings Group	Admin	Consolidated	Paint Stores Group	Consumer Brands Group	Performance Coatings Group	Admin	Consolidated
Net external sales	\$ 3,498.7	\$ 945.8	\$ 1,794.9	\$ 1.2	\$ 6,240.6	\$ 3,181.0	\$ 900.0	\$ 1,790.3	\$ 1.0	\$ 5,872.3
Segment profit (as reported)	\$ 849.3	\$ 110.3	\$ 272.7	\$ (220.2)	\$ 1,012.1	\$ 684.0	\$ 79.9	\$ 196.8	\$ (220.8)	\$ 739.9
% of sales (as reported)	24.3%	11.7%	15.2%	NM	16.2%	21.5%	8.9%	11.0%	NM	12.6%
<u>Other adjustments</u>										
Severance and other	-	13.2	(0.1)	1.3	\$ 14.4	-	-	-	-	\$ -
Impairment of assets held for sale	-	6.9	-	27.1	\$ 34.0	-	-	-	-	\$ -
Gain on divestiture of domestic aerosol business	-	-	-	(20.1)	\$ (20.1)	-	-	-	-	\$ -
Total other adjustments	\$ -	\$ 20.1	\$ (0.1)	\$ 8.3	\$ 28.3	\$ -	\$ -	\$ -	\$ -	\$ -
Acquisition-related amortization ⁽¹⁾	-	17.9	49.7	-	\$ 67.6	-	19.1	50.3	-	\$ 69.4
Segment Profit (as Adjusted)	\$ 849.3	\$ 148.3	\$ 322.3	\$ (211.9)	\$ 1,108.0	\$ 684.0	\$ 99.0	\$ 247.1	\$ (220.8)	\$ 809.3
% of sales (as adjusted)	24.3%	15.7%	18.0%	NM	17.8%	21.5%	11.0%	13.8%	NM	13.8%

Regulation G Reconciliation: Adjusted EPS and EBITDA

	Three Months Ended June 30, 2023			Three Months Ended June 30, 2022		
	Pre-Tax	Tax Effect ⁽¹⁾	After- Tax	Pre-Tax	Tax Effect ⁽¹⁾	After- Tax
Diluted net income per share			\$ 3.07			\$ 2.21
Items related to restructuring plan:						
Severance and other	0.06	0.03	0.03	-	-	-
Impairment of assets held for sale	0.13	0.08	0.05	-	-	-
Gain on divestiture of domestic aerosol business	(0.08)	(0.02)	(0.06)	-	-	-
Total	\$ 0.11	\$ 0.09	\$ 0.02	\$ -	\$ -	\$ -
Acquisition-related amortization expense ⁽²⁾	0.26	0.06	0.20	0.27	0.07	0.20
Adjusted diluted net income per share			\$ 3.29			\$ 2.41

	Three Months Ended June 30, 2023		Three Months Ended June 30, 2022	
(\$ in millions)				
Net income	\$	793.7	\$	577.9
Interest expense		111.7		92.9
Income taxes		218.4		162.0
Depreciation		75.7		64.8
Amortization		83.0		78.5
EBITDA	\$	1,282.5	\$	976.1
Restructuring expense		8.7		-
Impairment of assets held for sale		34.0		-
Gain on divestiture of domestic aerosol business		(20.1)		-
Adjusted EBITDA	\$	1,305.1	\$	976.1
% to net sales:				
EBITDA		20.6%		16.6%
Adjusted EBITDA		20.9%		16.6%
Net sales for EBITDA % calculation	\$	6,240.6	\$	5,872.3

(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 within Selling, general and administrative expenses.