

SHERWIN-WILLIAMS®

Q3 2024 Results

October 22, 2024

Forward-Looking Statements

This presentation contains "forward-looking statements," as defined under U.S. federal securities laws, with respect to sales, earnings and other matters. Forward-looking statements can be identified by the use of forward-looking words such as "believe," "expect," "estimate," "project," "plan," "goal," "target," "potential," "intend," "aspire," "strive," "may," "will," "should," "could," "would," "seek" or "anticipate" or the negative thereof or comparable words. Any statements that refer to expectations, projections or other characterizations of future events or conditions, are forward-looking statements. 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 subject to risks, uncertainties and other factors, many of which are outside the control of the Company and actual results may 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, including the strength of retail and manufacturing economies and growth in the coatings industry; adverse changes in general economic conditions, including the inflationary environment, global credit markets, and currency fluctuations; any disruption in the availability of, or increases in the price of, raw material and energy supplies; disruptions in the supply chain; catastrophic events, adverse weather conditions and natural disasters; losses of or changes in the Company's relationships with customers and suppliers; the Company's ability to successfully integrate past and future acquisitions; risks and uncertainties associated with our expansion into and our operations in foreign markets; cybersecurity incidents and other disruptions to our information technology systems; the Company's ability to attract, retain, develop and progress a qualified global workforce; the Company's ability to execute on our business strategies related to sustainability matters, and achieve related expectations; damage to our business, reputation, image or brands due to negative publicity; the Company's ability to protect or enforce our material trademarks and other intellectual property rights; the Company's ability to comply with numerous and evolving laws, rules and regulations; adverse changes to our tax positions; increasingly stringent domestic and foreign governmental regulations; inherent uncertainties involved in assessing our potential liability for environmental-related activities; other changes in governmental policies, laws and regulations; the nature, cost, quantity and outcome of pending and future litigation and other claims; 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.

3Q 2024 Financial Performance Overview

(\$ in millions, except per share data)	3Q 2024	3Q 2023	% Change
Sales	\$6,162.5	\$6,116.7	0.7%
Gross Profit	\$3,027.5	\$2,916.2	3.8%
<i>Gross Margin</i>	<i>49.1%</i>	<i>47.7%</i>	<i>+140 bps</i>
Reported EPS	\$3.18	\$2.95	7.8%
Adjusted EPS ⁽¹⁾	\$3.37	\$3.20	5.3%
EBITDA ⁽¹⁾	\$1,281.8	\$1,266.3	1.2%
<i>% of Sales</i>	<i>20.8%</i>	<i>20.7%</i>	<i>+10 bps</i>
Net Operating Cash	\$1,074.7	\$1,308.7	-17.9%

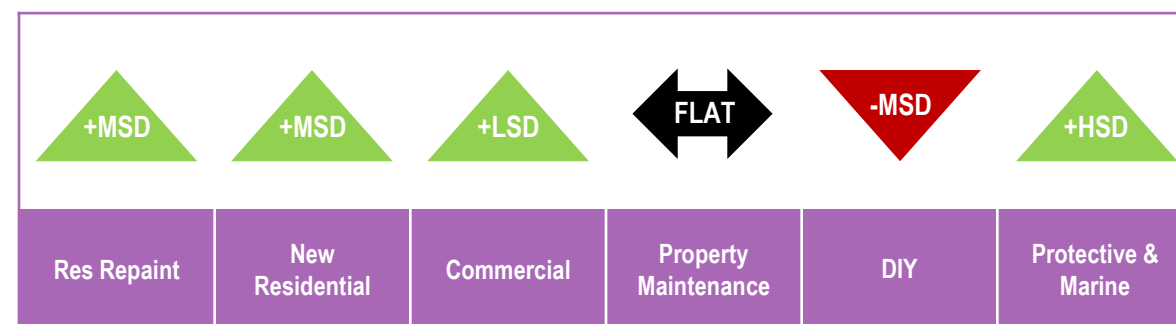
- Consolidated sales growth driven by Paint Stores Group and a modest contribution from an acquisition, partially offset by lower sales in other segments and unfavorable FX
 - Sales in all three segments within guidance range
- Sequential and YOY improvement in gross margin
- Continued investment in growth initiatives given unprecedented long-term share gain opportunities
 - Expanded stores, sales and technical reps, services and digital capabilities
- \$631.2 million returned to shareholders in the quarter through dividends and share repurchases

Paint Stores Group (PSG)

- Sales up 3.2%: +LSD contributions from volume and price
 - Protective & marine up HSD against a LDD challenging comparison; solid pipeline of projects
 - 5th consecutive quarter of MSD growth in res repaint – prior investments driving above market performance
 - New residential grew MSD amidst a choppy but improving market
 - LSD growth in commercial but began to slow given extended prior period of softer starts
 - Property maintenance flat – continued delays in capex projects
- Segment margin impacted by increased long-term growth-related investments
- Announced 5% price increase effective January 6, 2025
- Nearly all stores impacted from recent hurricanes now reopened
 - Hurricane Helene: ~200 stores closed for a period during 3Q
 - Hurricane Milton: ~225 stores closed for a period during 4Q



(\$ in millions)	3Q 2024	3Q 2023	% Change
Sales	\$3,650.2	\$3,537.1	3.2%
Segment Profit	\$895.9	\$917.5	-2.4%
Segment Margin	24.5%	25.9%	-140 bps



3Q-24 sales vs. 3Q-23 sales

Consumer Brands Group (CBG)

- Sales down 7.5% inclusive of a -MSD impact from unfavorable FX
 - Continued softness in North American DIY – inflation and higher levels of consumer debt
 - LSD sales decline in Latin America: +HSD price increases and +MSD volume growth more than offset by unfavorable FX
- Segment profit increased due to higher fixed cost absorption in the manufacturing and distribution operations within the segment, and good cost control, partially offset by lower net sales



(\$ in millions)	3Q 2024	3Q 2023	% Change
Sales	\$790.5	\$854.8	-7.5%
Segment Profit	\$165.5	\$101.6	62.9%
Segment Margin	20.9%	11.9%	+900 bps
Adjusted Segment Profit ⁽¹⁾	\$181.4	\$117.6	54.3%
Adjusted Segment Margin	22.9%	13.8%	+910 bps



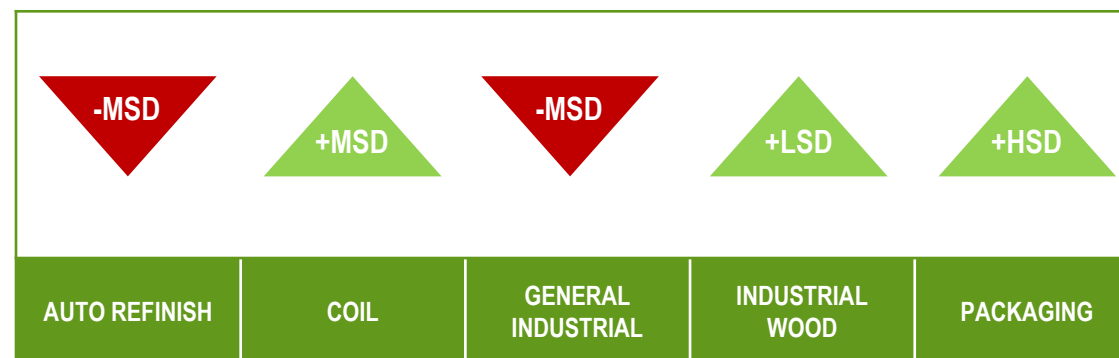
3Q-24 sales vs. 3Q-23 sales

Performance Coatings Group (PCG)

- Sales effectively flat: +LSD volume growth and an acquisition offset by unfavorable FX
- HSD growth in Asia, LSD growth in Latin America and Europe and LSD decline in North America
- Sales growth led by Packaging – continues to regain temporarily lost share
- Coil share gains continue, and Industrial Wood grew largely driven by acquisition impact
- Auto Refinish sales decline driven by lower insurance claims and unfavorable FX; General Industrial demand remains weak
- Adjusted segment margin decreased driven by unfavorable FX and lower North America sales



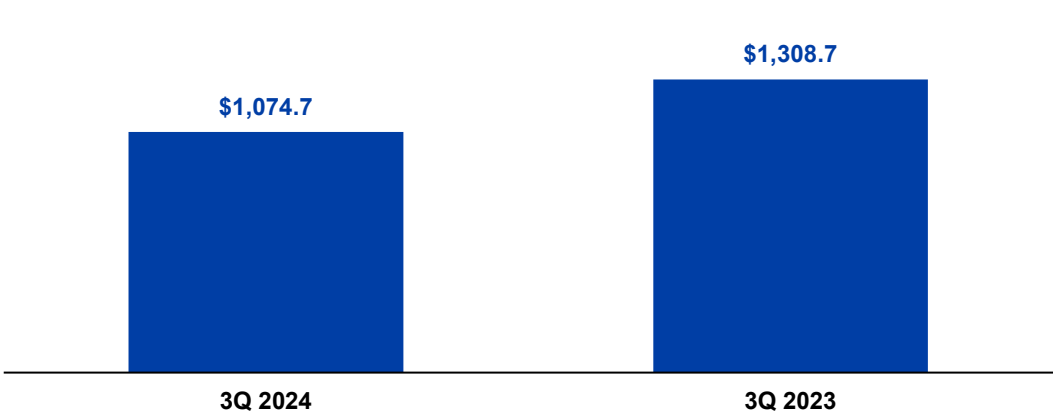
(\$ in millions)	3Q 2024	3Q 2023	% Change
Sales	\$1,720.0	\$1,724.2	-0.2%
Segment Profit	\$259.7	\$279.7	-7.2%
Segment Margin	15.1%	16.2%	-110 bps
Adjusted Segment Profit ⁽¹⁾	\$308.9	\$329.4	-6.2%
Adjusted Segment Margin	18.0%	19.1%	-110 bps



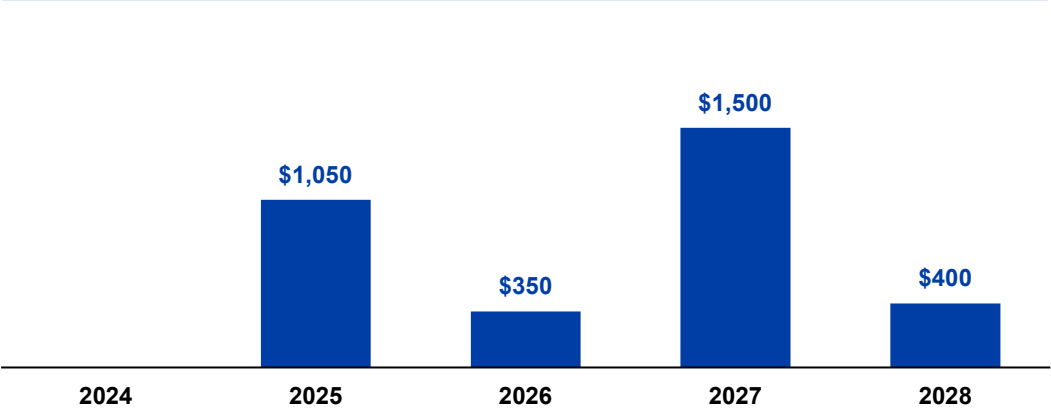
3Q-24 sales vs. 3Q-23 sales

Strong Financial Position

Operating Cash Flow (\$ in millions)



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



Cash & Liquidity Position (\$ in millions)

	9/30/2024
Cash	\$238.2
<u>Liquidity</u>	
Total Credit Facilities	\$4,000.0
(Less Amount Utilized)	(974.0)
Net Credit Available	\$3,026.0

Selected Financial Ratios

	9/30/2024
Total Debt / TTM EBITDA ⁽²⁾	2.3x
Net Debt ⁽³⁾ / TTM EBITDA ⁽²⁾	2.3x

Guidance

Fourth Quarter 2024

Sales

- Flat to up low-single digit percentage

▪ Segments

- *PSG: up low to mid-single digit percentage*
- *CBG: down mid to high-single digit percentage*
- *PCG: flat to up low-single digit percentage*

Updated Full Year 2024

Sales

- Flat to up low-single digit percentage
- Foreign Exchange: < -1.0%

▪ Segments

- *PSG: up low-single digit percentage*
- *CBG: down high-single digit percentage*
- *PCG: flat to up low-single digit percentage*

GAAP Earnings Per Share: \$10.30-\$10.60

- Includes acquisition-related amortization expense of \$0.80 per share
- Adjusted earnings per share: \$11.10-\$11.40

Raw materials: down low-single-digit percentage

Capital expenditures: approximately \$700 million total, includes \$180 million for new R&D facility

Interest expense: approximately \$425 million

Depreciation and amortization: ~\$300 million and ~\$330 million, respectively

Tax rate: low 20s percent



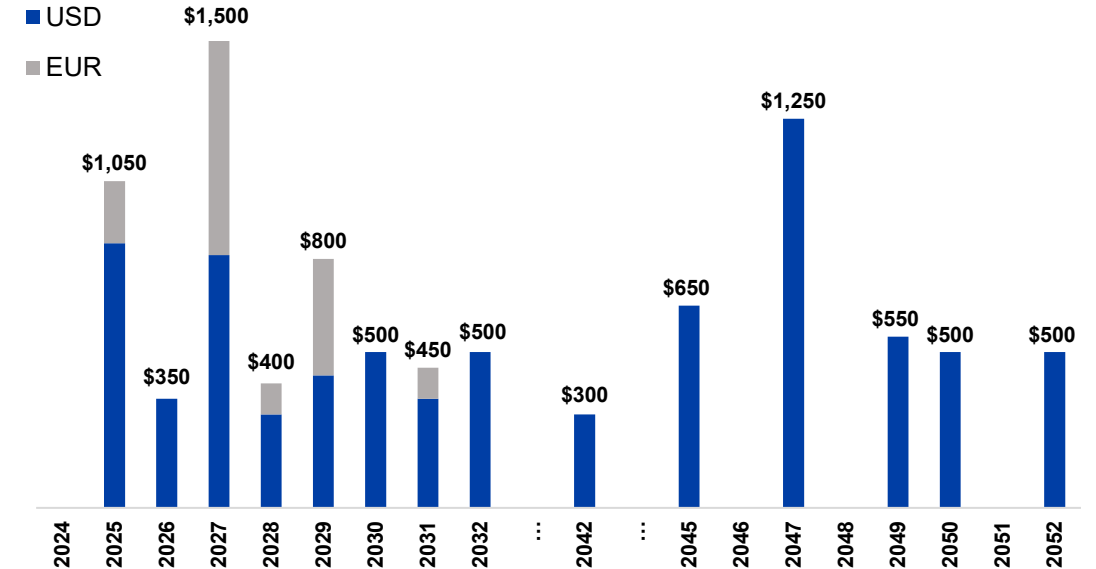
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Appendix

Debt Summary (as of September 30, 2024)

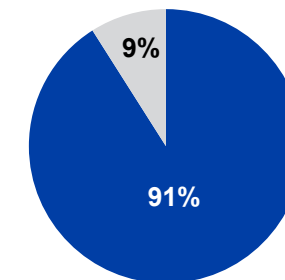
\$ in millions	9/30/2024	
	Balance	Int. Rate
Short-Term:		
Domestic	\$ 904.0	5.18%
Non-Domestic	11.5	3.35%
Total Short-Term Borrowings	\$ 915.5	5.16%
Long-Term:		
10-year, 3.30% notes due 2025	250.0	3.30%
10-year, 3.45% notes due 2025	400.0	3.45%
3-year, 4.25% notes due ⁽¹⁾ 2025	400.0	3.62%
10-year, 3.95% notes due 2026	350.0	3.95%
10-year, 3.45% notes due ⁽¹⁾ 2027	1,500.0	2.59%
3-year, 4.55% notes due ⁽¹⁾ 2028	400.0	4.27%
10-year, 2.95% notes due ⁽¹⁾ 2029	800.0	2.31%
10-year, 2.30% notes due 2030	500.0	2.30%
7-year, 4.80% notes due ⁽¹⁾ 2031	450.0	4.56%
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%
Promissory Notes Various	0.2	0.53%
Other ⁽²⁾	(76.0)	0.00%
Total LT Debt	\$ 9,224.2	3.41%
Total Debt	\$ 10,139.7	3.57%

Maturities of Long-Term Debt



Fixed vs. Floating Rate Debt

■ Fixed
■ Floating



Regulation G Reconciliation: Adjustments to Segment Profit

(\$ in millions)	Three Months Ended September 30, 2024					Three Months Ended September 30, 2023				
	Paint Stores Group	Consumer Brands Group	Performance Coatings Group	Admin	Consolidated	Paint Stores Group	Consumer Brands Group	Performance Coatings Group	Admin	Consolidated
Net sales	\$ 3,650.2	\$ 790.5	\$ 1,720.0	\$ 1.8	\$ 6,162.5	\$ 3,537.1	\$ 854.8	\$ 1,724.2	\$ 0.6	\$ 6,116.7
Segment profit	895.9	165.5	259.7	(298.3)	1,022.8	917.5	101.6	279.7	(289.8)	1,009.0
% of sales	24.5%	20.9%	15.1%	NM	16.6%	25.9%	11.9%	16.2%	NM	16.5%
Acquisition-related amortization ⁽¹⁾	-	15.9	49.2	-	65.1	-	16.0	49.7	-	65.7
Adjusted Segment Profit	\$ 895.9	\$ 181.4	\$ 308.9	\$ (298.3)	\$ 1,087.9	\$ 917.5	\$ 117.6	\$ 329.4	\$ (289.8)	\$ 1,074.7
% of sales	24.5%	22.9%	18.0%	NM	17.7%	25.9%	13.8%	19.1%	NM	17.6%

(1) 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. Valspar acquisition-related amortization expense is adjusted 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.

Regulation G Reconciliation: Adjusted EPS

	Three Months Ended September 30, 2024			Three Months Ended September 30, 2023		
	Tax			Tax		
	Pre-Tax	Effect ⁽¹⁾	After-Tax	Pre-Tax	Effect ⁽¹⁾	After-Tax
Diluted net income per share			\$ 3.18			\$ 2.95
Discrete income tax expense related to China divestiture	\$ -	\$ -	-	\$ -	\$ (0.06)	0.06
Acquisition-related amortization expense ⁽²⁾	0.26	0.07	0.19	0.25	0.06	0.19
Total	\$ 0.26	\$ 0.07	0.19	\$ 0.25	\$ -	0.25
Adjusted diluted net income per share			<u>\$ 3.37</u>			<u>\$ 3.20</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. Valspar acquisition-related amortization expense is adjusted 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.

Regulation G Reconciliation: Adjusted EBITDA

(\$ in millions)	Three Months Ended September 30, 2024	Three Months Ended June 30, 2024	Three Months Ended March 31, 2024	Three Months Ended December 31 2023	Three Months Ended September 30, 2023
Net income	\$ 806.2	\$ 889.9	\$ 505.2	\$ 356.2	\$ 761.5
Interest expense	103.4	110.8	103.0	94.6	101.9
Income taxes	216.6	283.5	134.8	117.8	247.5
Depreciation	74.4	71.8	71.1	74.3	71.9
Amortization	81.2	81.5	82.1	80.0	83.5
EBITDA	\$ 1,281.8	\$ 1,437.5	\$ 896.2	\$ 722.9	\$ 1,266.3
Impairment related to trademarks	-	-	-	23.9	-
Devaluation of the Argentine Peso	-	-	-	41.8	-
Adjusted EBITDA	\$ 1,281.8	\$ 1,437.5	\$ 896.2	\$ 788.6	\$ 1,266.3
% to net sales:					
EBITDA	20.8%	22.9%	16.7%	13.8%	20.7%
Adjusted EBITDA	20.8%	22.9%	16.7%	15.0%	20.7%
Net sales for EBITDA % calculation	\$ 6,162.5	\$ 6,271.5	\$ 5,367.3	\$ 5,252.2	\$ 6,116.7