



SHERWIN-WILLIAMS®

# FINANCIAL OVERVIEW

AL MISTYSYN

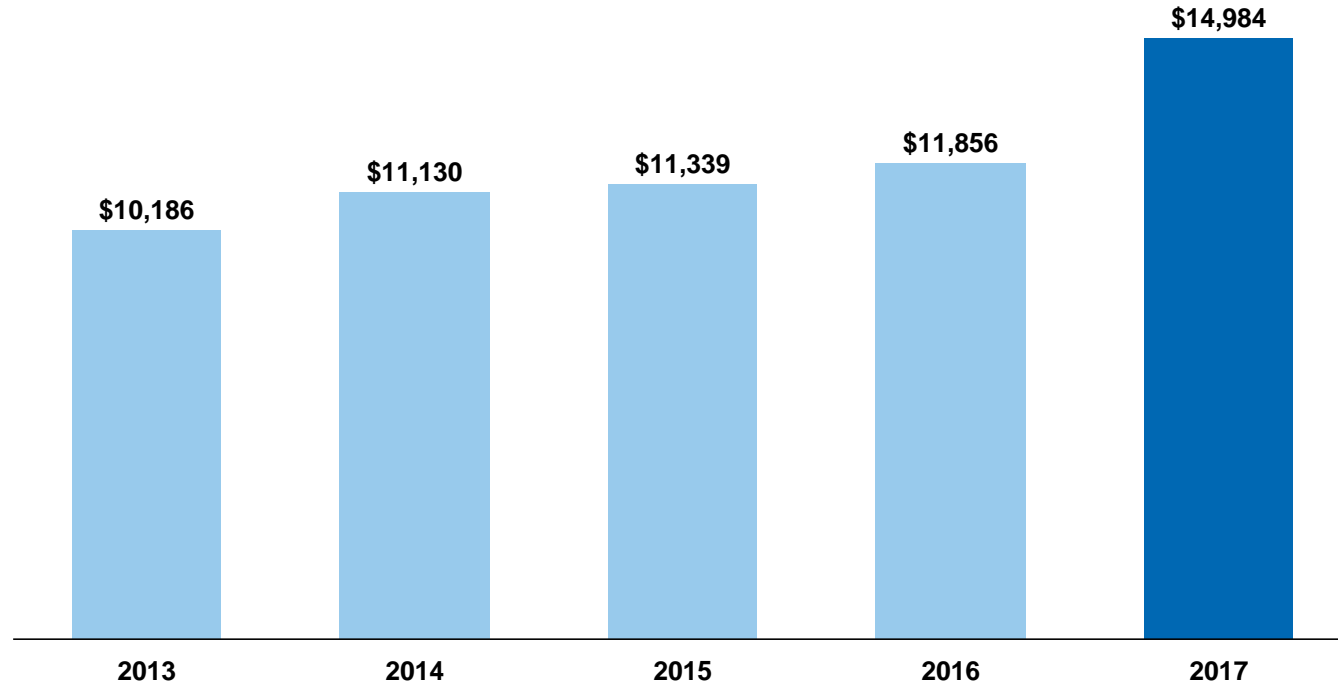
SENIOR VICE PRESIDENT, FINANCE & CHIEF FINANCIAL OFFICER

The presentations today will contain certain "forward-looking statements," within the meaning of the federal securities laws, with respect to anticipated future performance (including sales and earnings), expected growth, future business plans and other matters. These statements may be identified by the use of words and phrases such as "believe," "expect," "may," "will," "should," "project," "could," "plan," "goal," "potential," "seek," "intend" or "anticipate" or the negative thereof or comparable terminology. These 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 our control that could cause actual results to differ materially from such statements and from our historical results and experience. These risks, uncertainties and other factors include such things as: general business conditions, strengths of retail and manufacturing economies and the growth in the coatings industry; changes in raw material and energy supplies and pricing; changes in our relationships with customers and suppliers; our ability to successfully integrate past and future acquisitions into our existing operations, including Valspar, as well as the performance of the businesses acquired; risks inherent in the achievement of anticipated cost synergies resulting from the acquisition of Valspar and the timing thereof; competitive factors, including pricing pressures and product innovation and quality; the nature, cost, quantity and outcome of pending and future litigation and other claims, including the lead pigment and lead-based paint litigation, and the effect of any legislation and administrative regulations relating thereto; adverse weather conditions and natural disasters; and other risks, uncertainties and factors described from time to time in our 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 we undertake 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

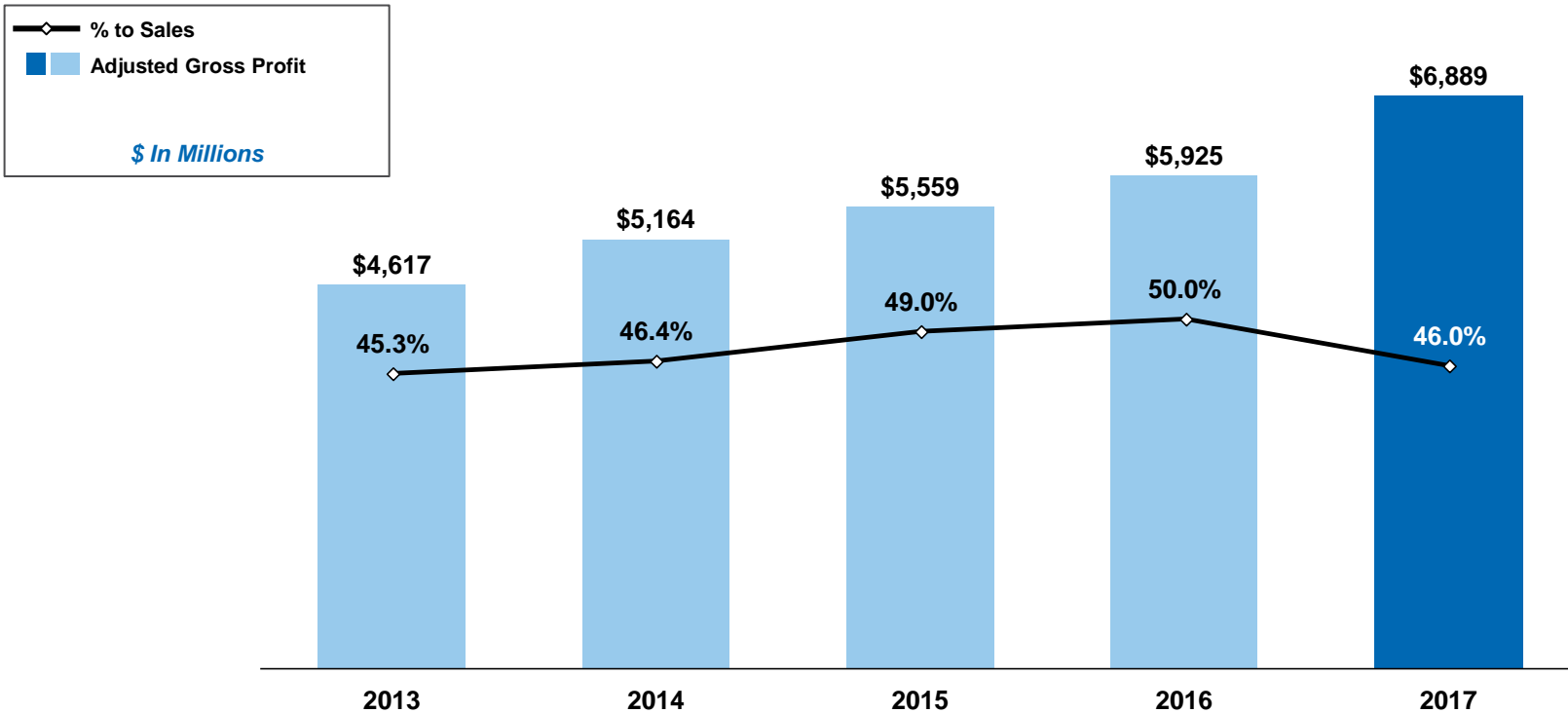
SHERWIN-WILLIAMS®



EXPECT 4% to 6% SALES CAGR THROUGH FY20

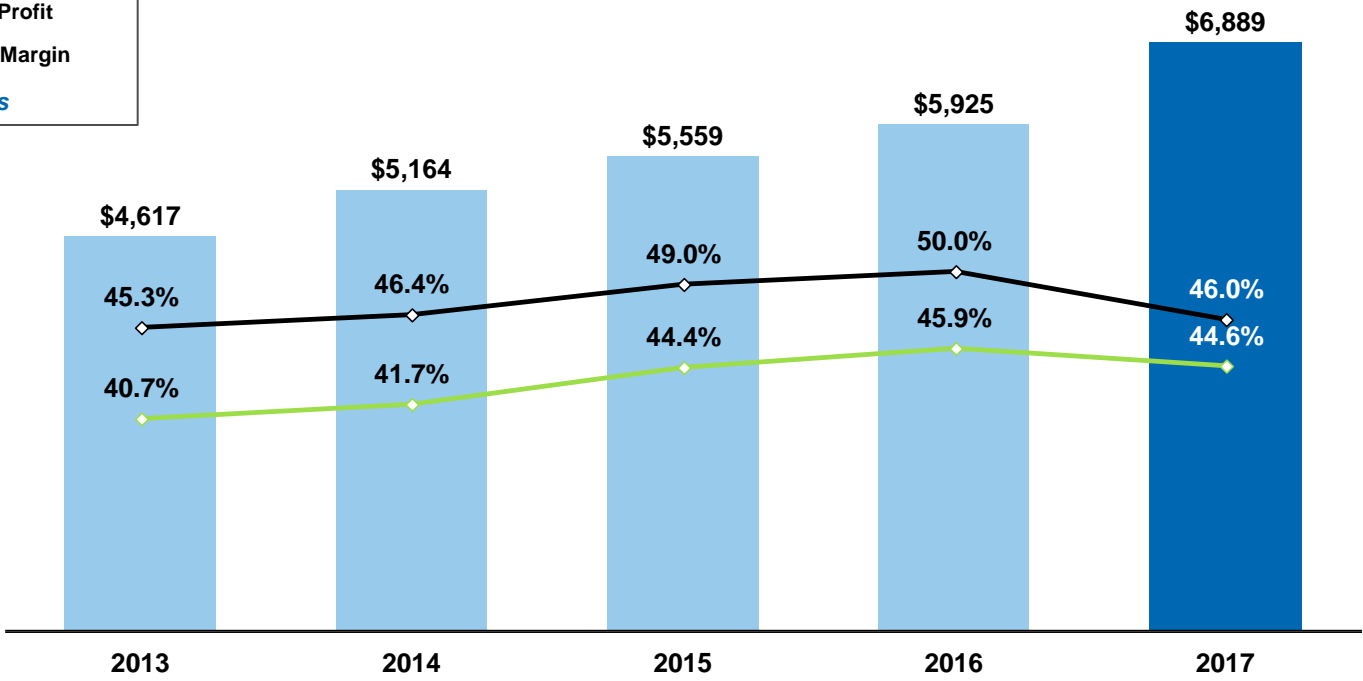
# Consolidated Gross Profit Excluding Acquisition Related Costs

SHERWIN-WILLIAMS®



# Consolidated Gross Profit Excluding Acquisition Related Costs

◆ % to Sales  
■ Adjusted Gross Profit  
◆ Proforma Gross Margin  
*\$ In Millions*

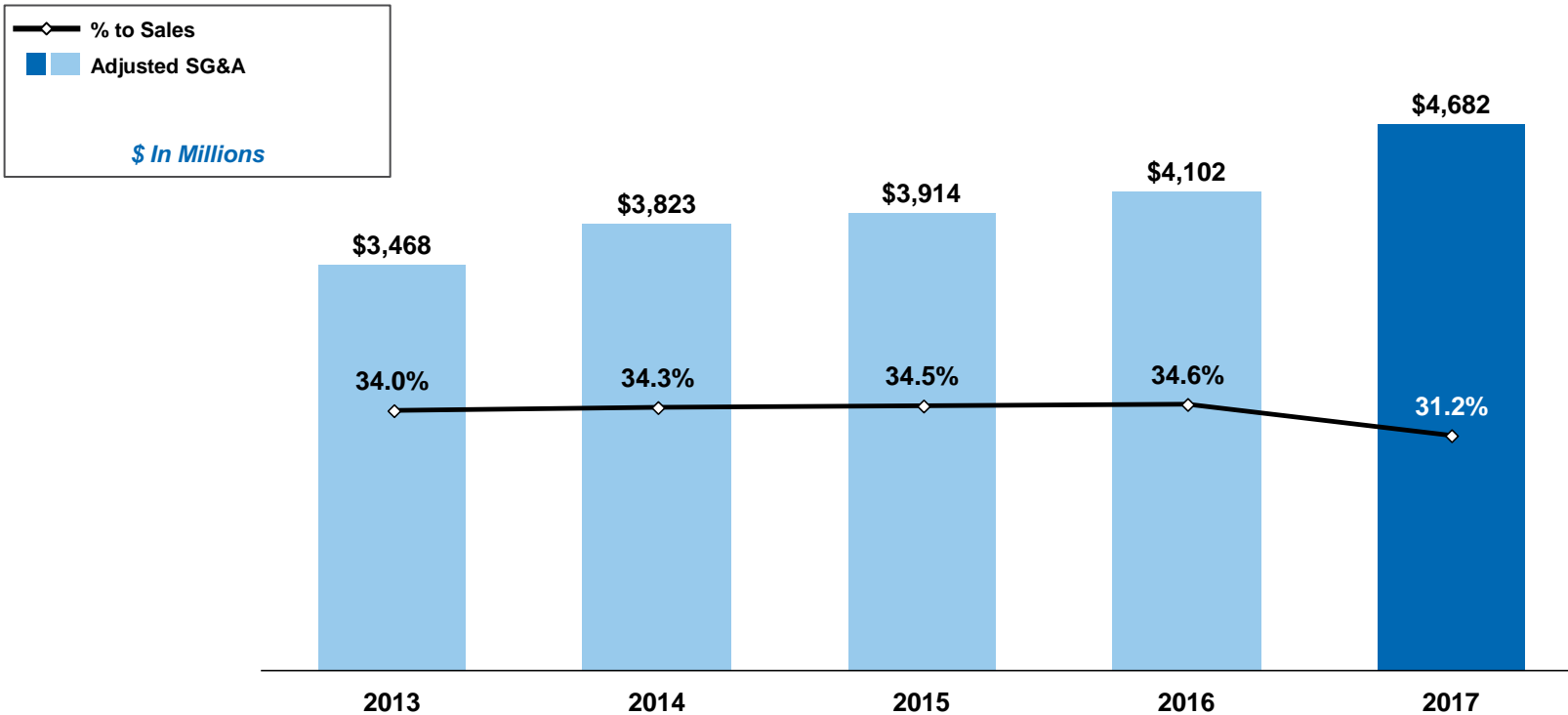


EXPECT LONG TERM GROSS MARGIN RANGE OF 45% to 48%

# SG&A Expense

## Excluding Acquisition Related Costs

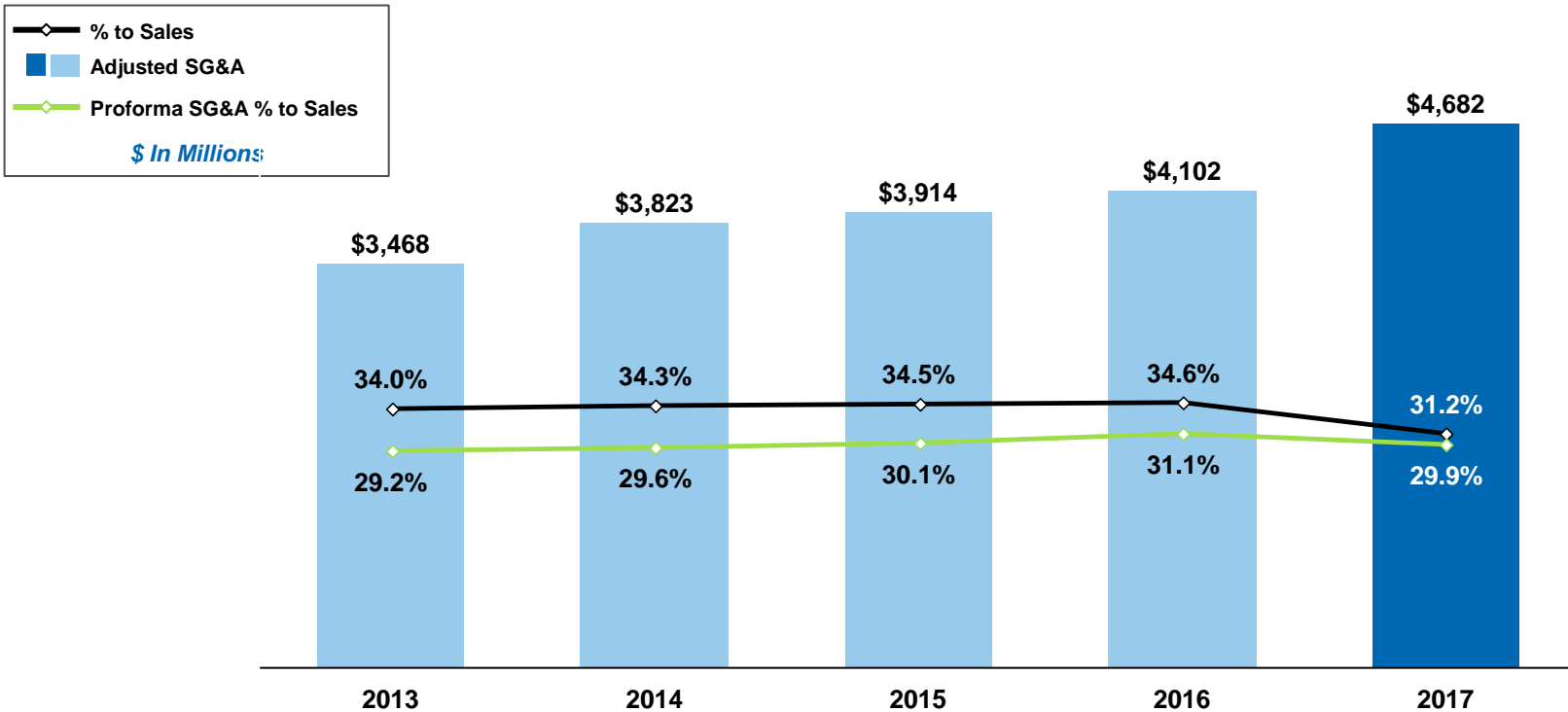
SHERWIN-WILLIAMS®



# SG&A Expense

## Excluding Acquisition Related Costs

SHERWIN-WILLIAMS®



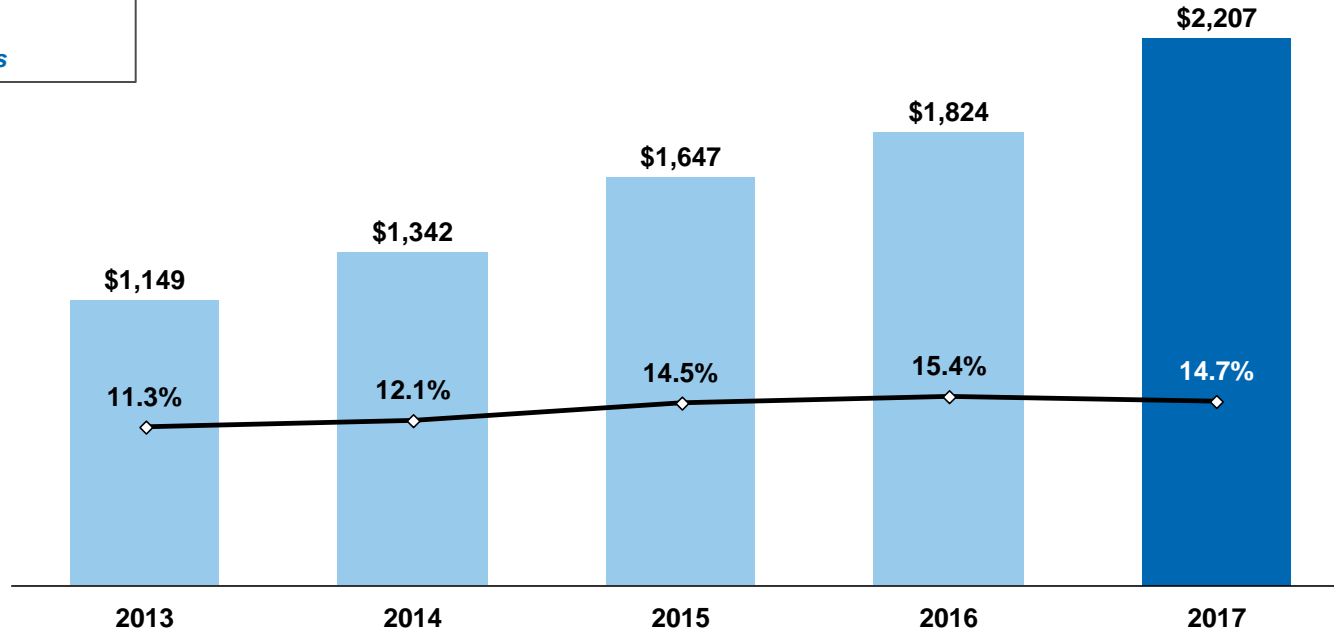
# Operating Income

## Excluding Acquisition Related Costs

SHERWIN-WILLIAMS®

—◇— % to Sales  
■ Adjusted Operating Income

\$ In Millions

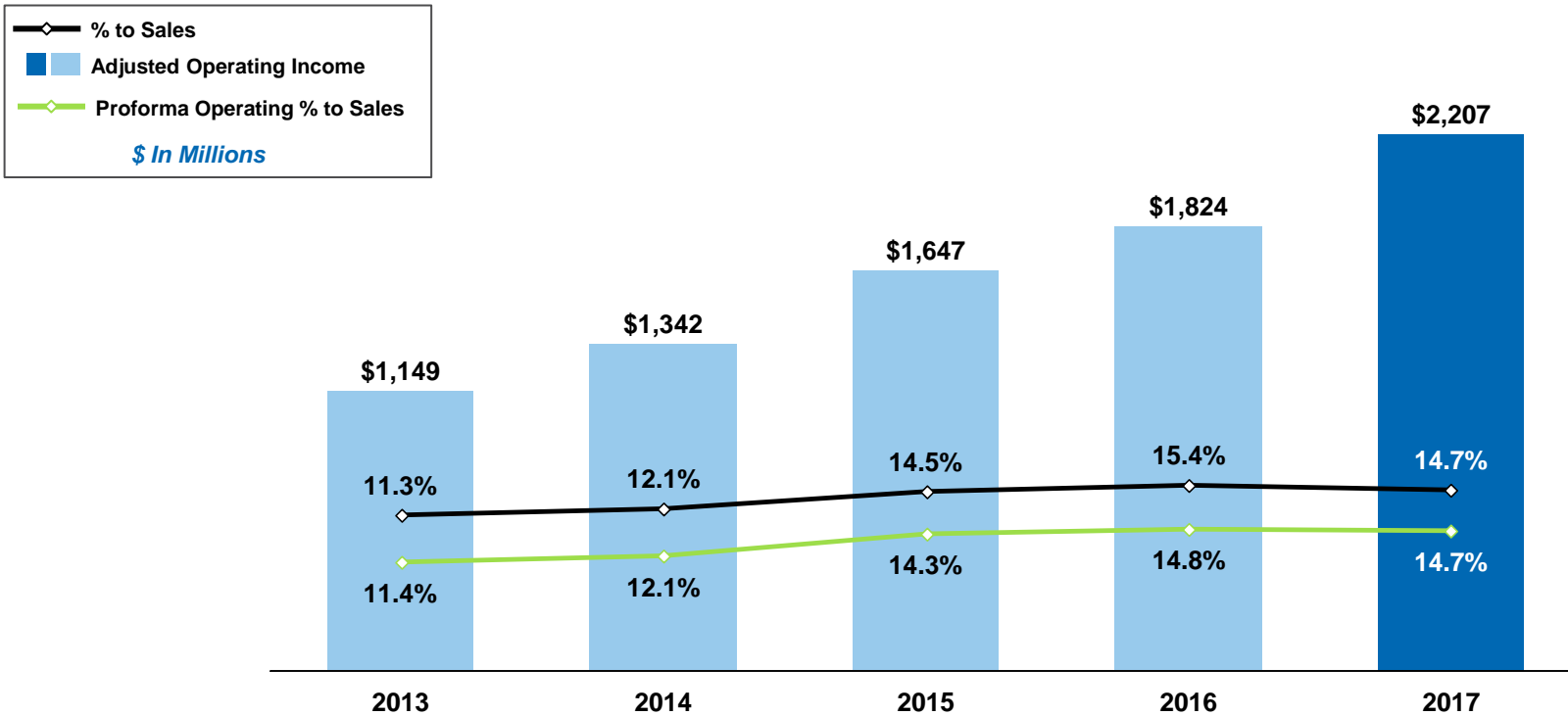




# Operating Income

## Excluding Acquisition Related Costs

SHERWIN-WILLIAMS®

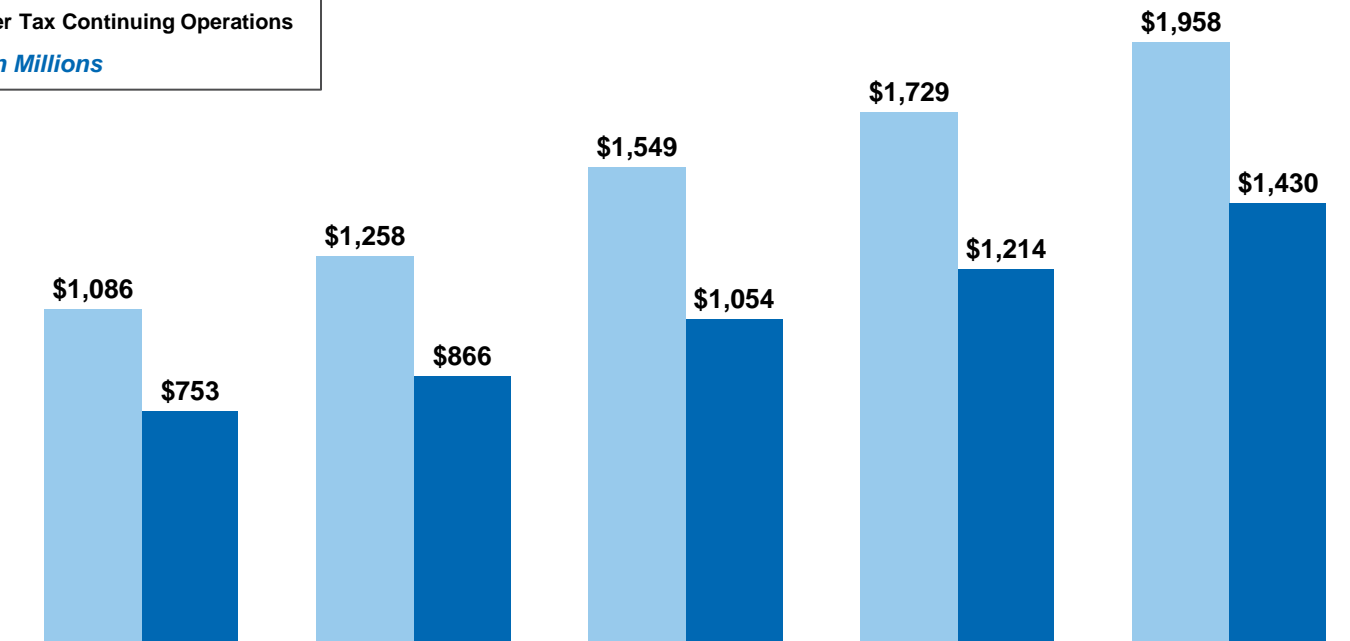


# Profit Before & After Tax

Excluding Acquisition Related Costs & Tax Reform

Adjusted Profit Before Tax  
Adjusted Profit After Tax Continuing Operations

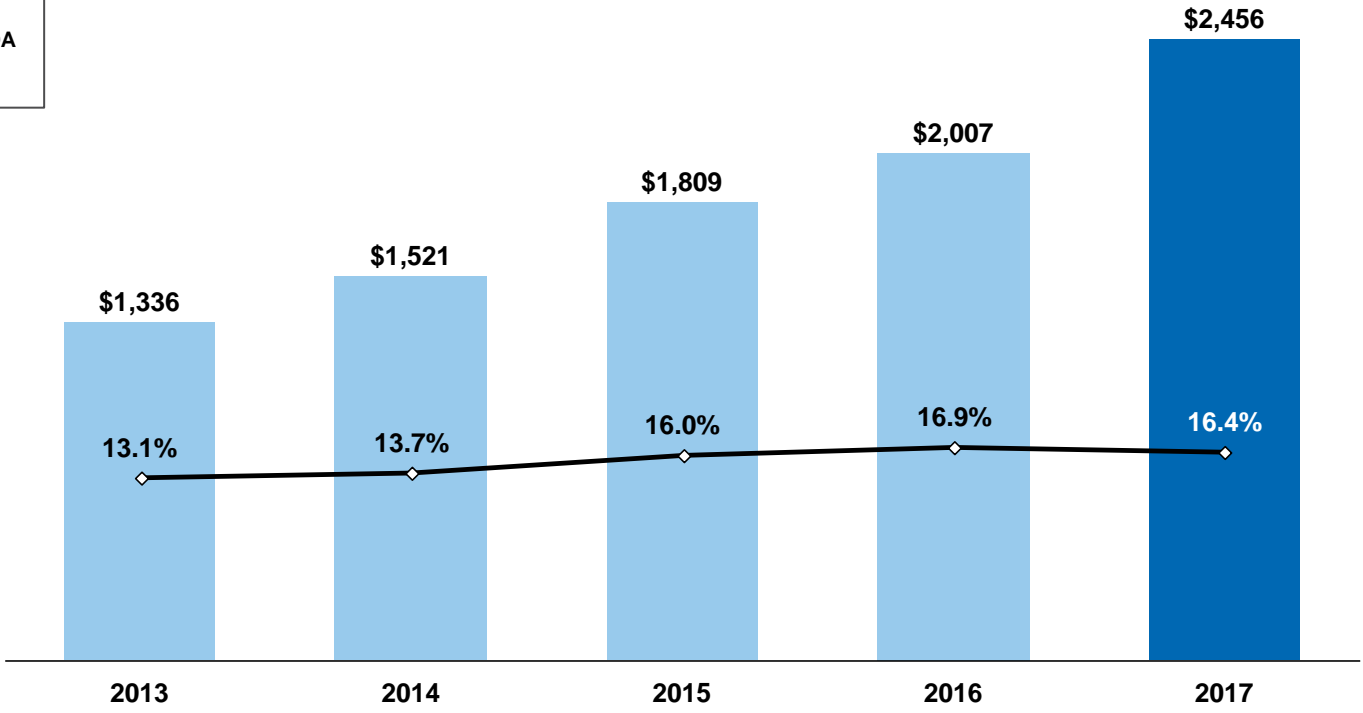
*\$ In Millions*



	2013	2014	2015	2016	2017
<b>PBT % to Sales</b>	10.7%	11.3%	13.7%	14.6%	13.1%
<b>PAT % to Sales</b>	7.4%	7.8%	9.3%	10.2%	9.5%

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

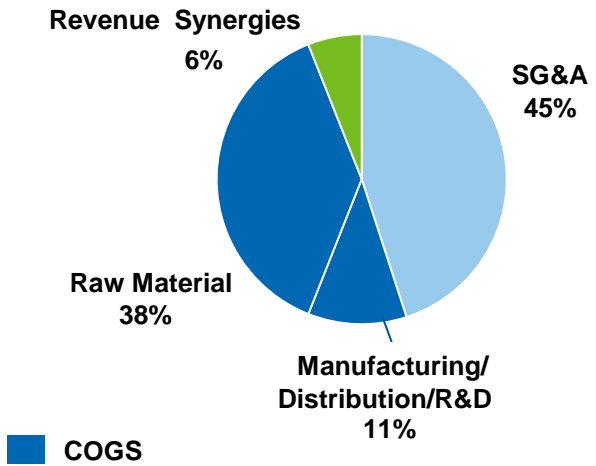
% to Sales  
 Adjusted EBITDA  
*\$ In Millions*



TARGET EBITDA AS A % TO SALES OF 18.8% TO 21.0% BY 2020

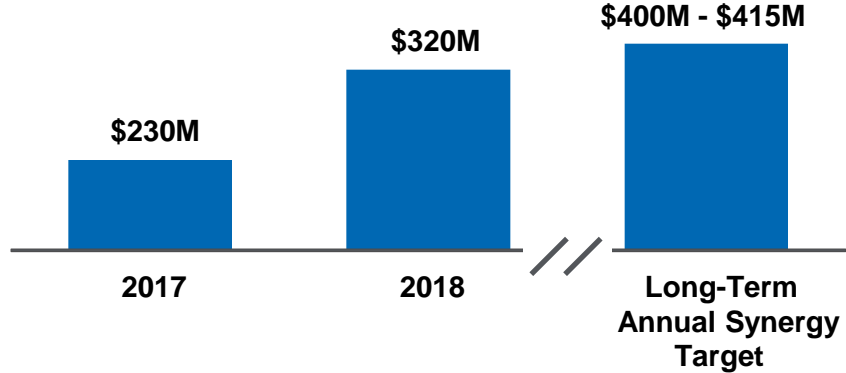
	<b>1Q17</b>	<b>1Q18</b>	<b>% Chg</b>
External Sales	\$2.76B	\$3.97B	+43.6%
US/Canada SSS	+7.5%	+5.2%	
Consolidated EPS, Excluding Acquisition Related Costs	\$2.61	\$3.57	+36.8%
EBITDA, Excluding Acquisition Related Costs	\$391M	\$582M	+49.0%

## 2020 Synergies Allocations (\$400M)



- Integration progress ahead of schedule
- 2018 P&L synergies of \$140M to \$160M

## ...Expected To Be Realized by 2020

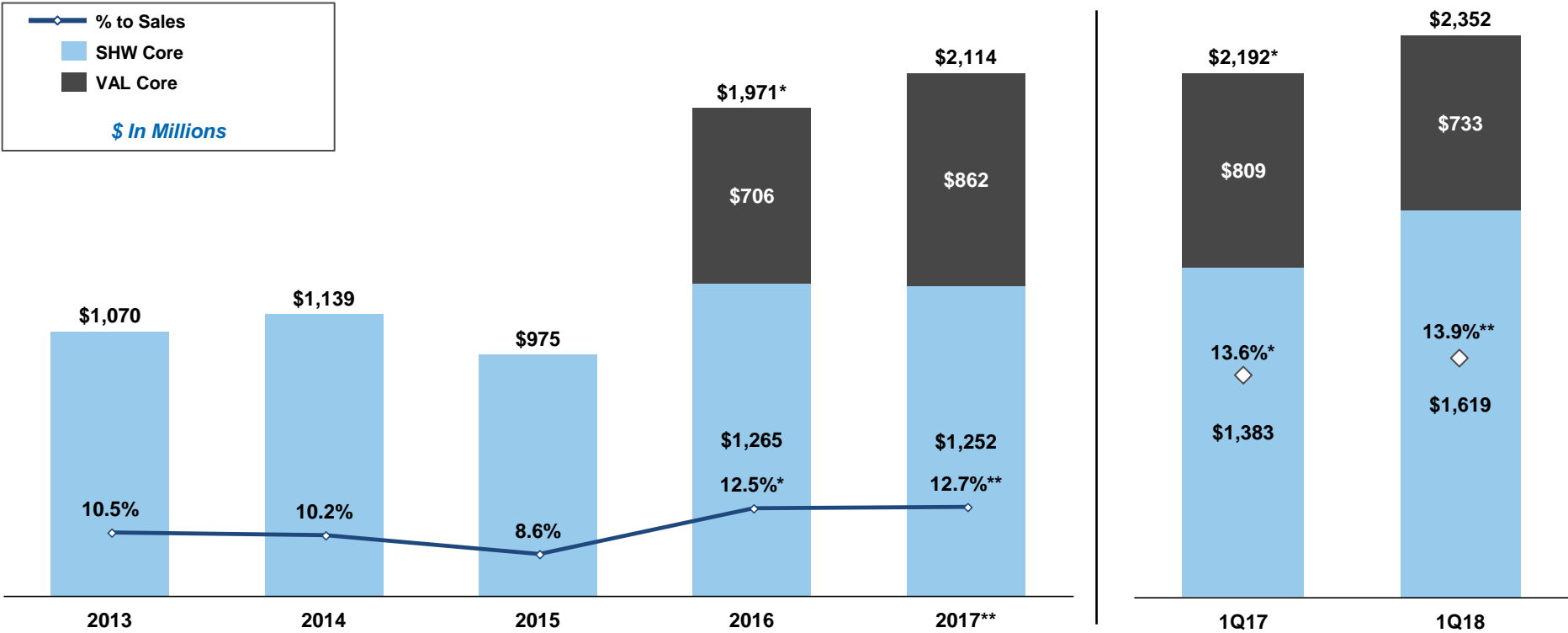


- Expect to incur majority of costs to achieve by end of 2018

**SHERWIN-WILLIAMS HAS SUCCESSFULLY ACQUIRED AND INTEGRATED 21 BUSINESSES IN THE LAST 10 YEARS**

# Working Capital Performance

## Accounts Receivable + Inventory – Payables



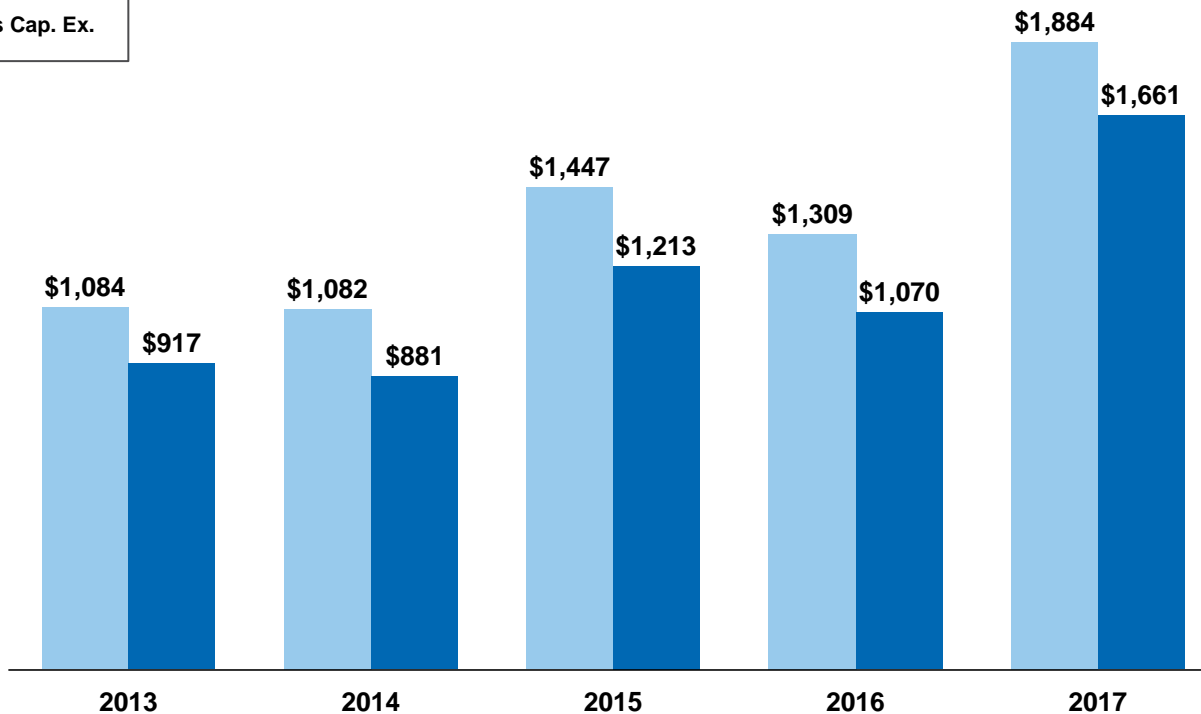
**TARGET WORKING CAPITAL AS A % TO SALES OF 11% TO 11.5% BY 2020**

# Cash Flow Performance

In Millions of Dollars

SHERWIN-WILLIAMS®

Net Operating Cash  
Net Operating Less Cap. Ex.



## Uses of Cash

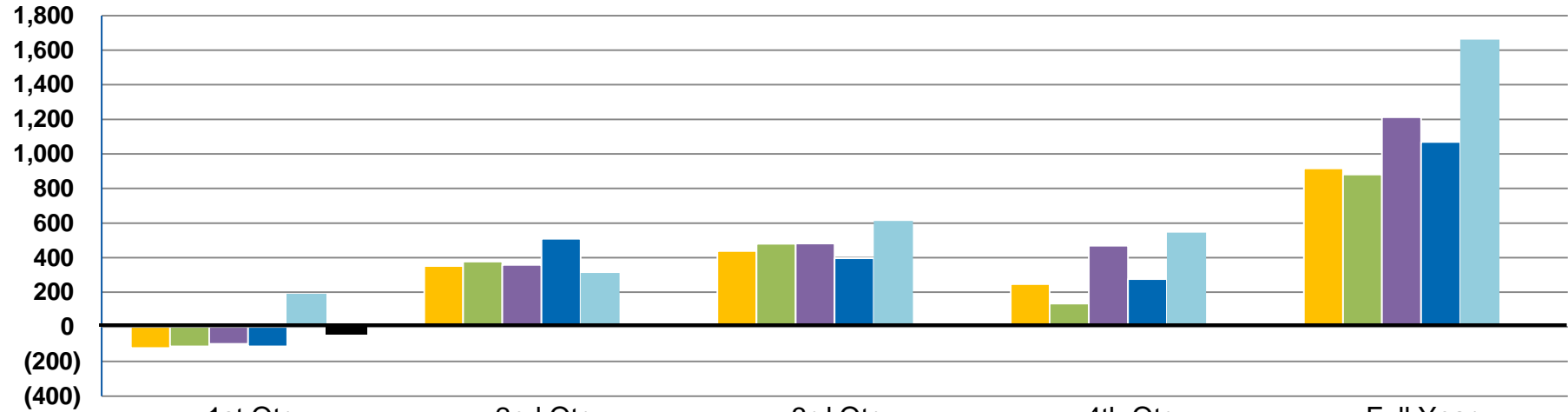
- Manage Debt
- Capital Expenditures
- Pay Dividends
- Acquisitions
- Buy Back Stock

TARGETING STEADY STATE FUTURE FREE CASH FLOW OF GREATER THAN 11.0% OF SALES

# Net Operating Cash less CapEx

In Millions of Dollars

SHERWIN-WILLIAMS®



	1st Qtr	2nd Qtr	3rd Qtr	4th Qtr	Full Year
2013	(122)	352	439	248	917
2014	(112)	377	481	136	881
2015	(98)	359	483	469	1,213
2016	(113)	509	398	276	1,070
2017	190	312	613	546	1,661
2018	(2)				

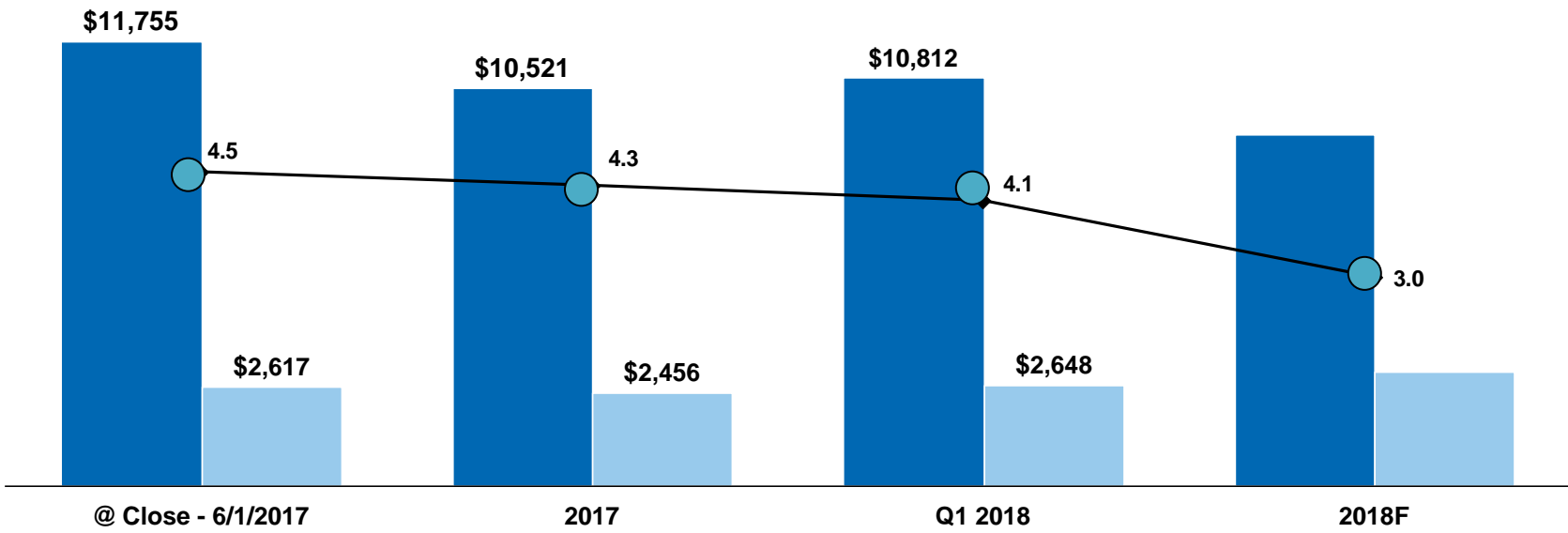


# Debt to EBITDA Ratio

## Excluding Acquisition Related Costs

■ Debt      ●— Debt to EBITDA  
■ Core EBITDA

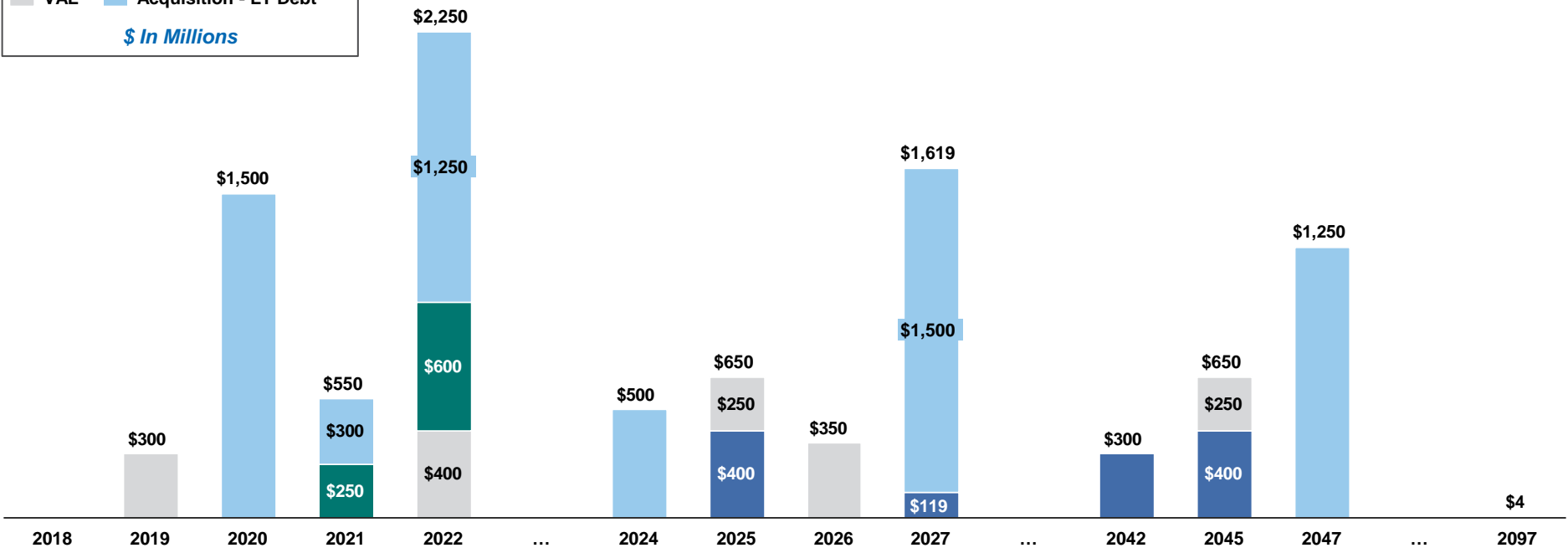
*\$ In Millions*



TARGETING LONG TERM DEBT TO EBITDA RATIO OF 2.0X TO 2.5X

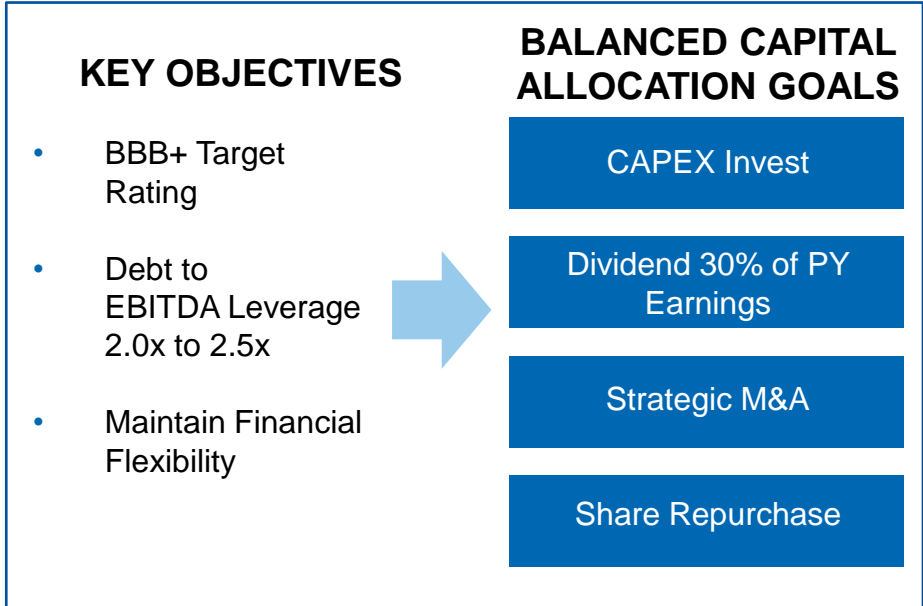
# Maturities of Long-Term Debt (as of December 31, 2017)

■ SHW    ■ Acquisition - Term Loan  
■ VAL    ■ Acquisition - LT Debt  
*\$ In Millions*



COMMITTED TO REDUCING TOTAL DEBT \$1.0B IN 2018

## CONSISTENT CAPITAL ALLOCATION PHILOSOPHY *WE WILL NOT HOLD CASH*



- Reduce Debt to EBITDA Leverage To 3.0x - FY18
- Reduce CAPEX to Below 2% of Sales – FY18 & FY19
- Return Dividend to 30% of PY Earnings – FY19 & FY20
- Share Repurchases to Offset Dilution – FY18
- Absent Strategic M&A, Repurchase Shares – FY19

## Standard & Poor's Rating Services

May 2017

- Long-Term Rating at 'BBB'
- Short-Term Rating at 'A-2'
- Credit Watch Stable

## Moody's Investors Services

April 2018

- Long-Term Rating at 'Baa3'
- Short-Term Rating at 'P-3'
- Credit Watch Stable

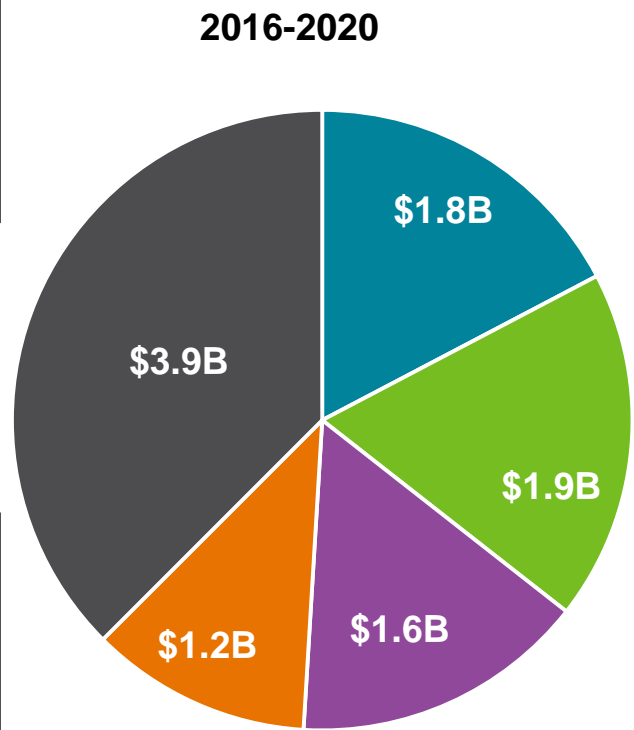
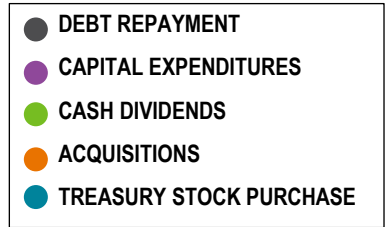
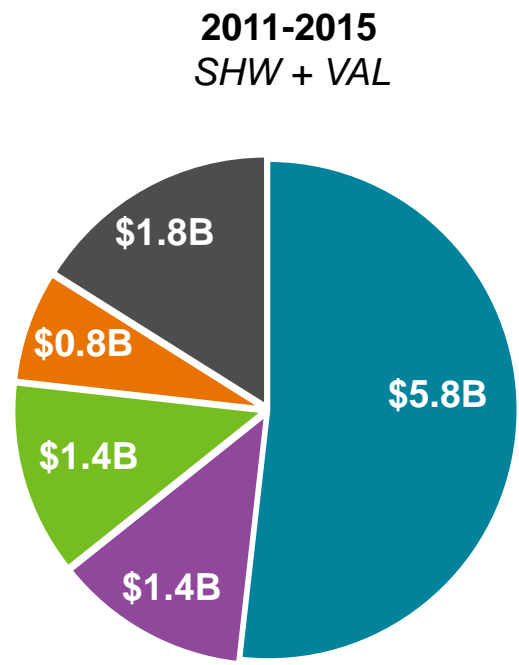
## Fitch Ratings

May 2017

- Long-Term Rating at 'BBB'
- Short-Term Rating at 'F-3'
- Ratings Watch Stable

5-Year Net Operating Cash: \$7.0B

5-Year Net Operating Cash: ~\$10.2B



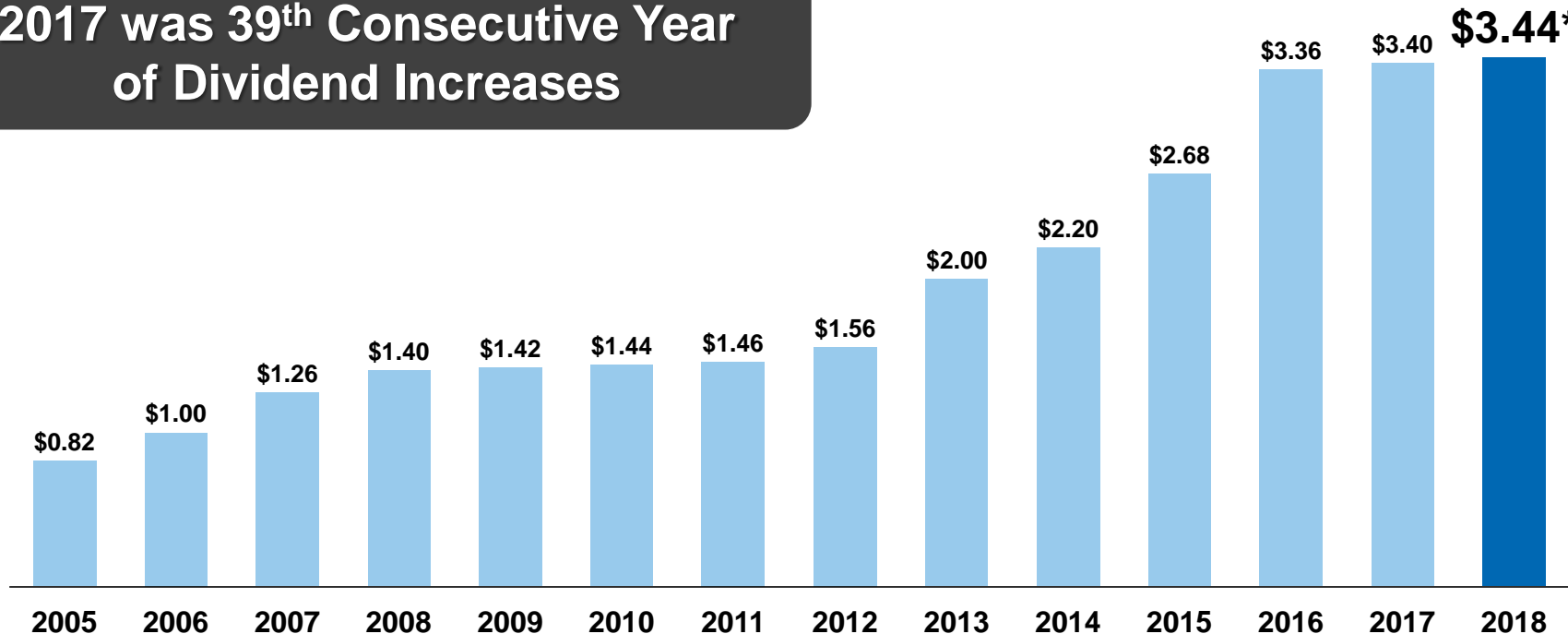
- USES OF CASH**
- Manage Debt
  - Capital Expenditures
  - Pay Dividends
  - Acquisitions
  - Buy Back Stock

# Dividends Per Share

## 2005 - 2018

SHERWIN-WILLIAMS®

2017 was 39<sup>th</sup> Consecutive Year  
of Dividend Increases



RETURN DIVIDEND TO 30% OF PRIOR YEAR EARNINGS IN 2020

# Treasury Stock Acquired

2010 - 1Q 2018

*SHERWIN-WILLIAMS*

	<b>Shares</b>	<b>Average Price Per Share</b>	<b>Total Dollars</b>	<b>Avg. Shares Outstanding (000)</b>
<b>2010</b>	5,000,000	75.14	375,700,000	108,786
<b>2011</b>	4,700,000	78.16	367,371,981	105,672
<b>2012</b>	4,600,000	121.25	557,765,791	103,930
<b>2013</b>	4,300,000	178.90	769,271,010	103,049
<b>2014</b>	6,925,000	220.66	1,528,073,703	98,741
<b>2015</b>	3,575,000	278.57	995,879,981	94,544
<b>2016</b>	0	0.00	0	94,488
<b>2017</b>	0	0.00	0	94,927
<b>1Q 2018</b>	600,000	401.91	241,148,280	95,546

## Strong Financial Profile Provides Flexibility

	1Q18
Cash	\$0.16B
Debt	\$10.8B
Revolving Credit Facilities	\$1.35B
LOC CDS	\$1.25B
Total Liquidity Available	\$2.60B

- Significant Liquidity
- Expect to Maintain BS Flexibility to Pursue Growth Opportunities
- Annual Cash Generation Comfortably Supports Anticipated Funding Needs
- Reduce Debt \$1.0B FY18



	FY16 PRO FORMA	FY17 PRO FORMA	FY18 GUIDANCE	FY20F TARGETS
<b>Net Sales</b>	\$15.8B	\$16.6B	Mid to High Single Digits	<b>4%-6%</b> CAGR Growth
<b>EBITDA Margin</b>	16.6%	16.5%	-	<b>18.8%- 21.0%</b> Margin Expansion
<b>Free Cash Flow % to Sales</b>	8.9%	10.2%	-	<b>&gt;11%</b>
<b>Core EPS*</b>	\$16.57	\$15.98	\$18.65	<b>11.0%- 14.0%</b> 4 YRS EPS CAGR

## FY2020 TARGET UPDATES

- Free Cash Flow % to Sales > 11%
- Core EPS 4 Year CAGR 11% to 14%
- Effective Tax Rate ~20%-25%

## EBITDA MARGIN

- Leverage From Organic Growth
- Merger/Productivity Cost Savings
- Incremental ~\$1.0B of Gross Savings Over 4 Year Period

## CORE EPS

- 2017 Pro Forma Core EPS adjusted for January to May Valspar Operations, plus annualized synergies, less new debt interest expense
- 2018 Lowe's Program Dilutive \$0.40 Per Share

*\*Excluding Acquisition Costs, Costs To Achieve, 2016 Valspar Restructuring Costs & Purchase Accounting Items.*



**SHW COMMITTED TO  
DELIVERING 11.0% TO 14.0%  
EPS CAGR THROUGH 2020**

## A STRONG FOUNDATION

- Track Record of Financial Performance & Focused Execution
- Large, Stable Revenue Base with Improving EBITDA Margins
- Strong Balance Sheet & Getting Stronger
- SHW Experienced & Determined Management Team

## ...ON WHICH WE WILL CONTINUE TO BUILD

- Grow Revenue Organically & Through Acquisitions
- Continue to Invest in our Controlled Distribution Platform
- Significant Cost Synergies & 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



SHERWIN-WILLIAMS®

# FINANCIAL APPENDIX



# Appendix 1: Income Statement *(In Millions)*

**SHERWIN-WILLIAMS**

*Excluding Acquisition Related Costs, Reconciliation to As Reported*

	<b>FY16 AS REPORTED</b>	<b>FY16 ACQUISITION RELATED COSTS</b>	<b>FY16 EXCLUDING ACQUISITION RELATED COSTS</b>
<b>Sales</b>	\$11,856		\$11,856
<b>Gross Profit</b>	\$5,923	\$(2)	\$5,925
<b>% to Sales</b>	50.0%		50.0%
<b>SG&amp;A</b>	\$4,160	\$58	\$4,102
<b>% to Sales</b>	35.1%		34.6%
<b>OPERATING INCOME</b>	\$1,763	\$(61)	\$1,824
<b>% to Sales</b>	14.9%		15.4%
<b>PBT</b>	\$1,595	\$(134)	\$1,729
<b>% to Sales</b>	13.5%		14.6%
<b>PAT</b>	\$1,133	\$(82)	\$1,214
<b>% to Sales</b>	9.6%		10.2%
<b>TAX REFORM</b>			
<b>DISC OPS</b>			
<b>PAT AS REPORTED</b>			

	<b>FY17 AS REPORTED</b>	<b>FY17 ACQUISITION RELATED COSTS</b>	<b>FY17 EXCLUDING ACQUISITION RELATED COSTS</b>
	\$14,984		\$14,984
	\$6,781	\$(108)	\$6,889
	45.3%		46.0%
	\$4,992	\$310	\$4,682
	33.3%		31.2%
	\$1,789	\$(418)	\$2,207
	11.9%		14.7%
	\$1,528	\$(429)	\$1,958
	10.2%		13.1%
	\$1,145	\$(285)	\$1,430
	7.6%		9.5%
	\$669		
	\$(42)		
	\$1,772		
	11.8%		

# Appendix 2A: FY EBITDA *(In Millions)*

**SHERWIN-WILLIAMS**

*Excluding Acquisition Related Costs, Reconciliation to As Reported*

	<b>FY16 AS REPORTED</b>	<b>FY16 ACQUISITION RELATED COSTS</b>	<b>FY16 EXCLUDING ACQUISITION RELATED COSTS</b>
<b>Net Income from Continuing Operations</b>	\$1,133	\$(82)	\$1,214
<b>Interest Expense</b>	\$154	\$73	\$81
<b>Income Taxes</b>	\$463	\$(52)	\$515
<b>Depreciation</b>	\$172	\$0	\$172
<b>Amortization</b>	\$25	-	\$25
<b>EBITDA</b>	\$1,947	\$(61)	\$2,007
<b>% to Sales</b>	16.4%		16.9%

	<b>FY17 AS REPORTED</b>	<b>FY17 ACQUISITION RELATED COSTS</b>	<b>FY17 EXCLUDING ACQUISITION RELATED COSTS</b>
	\$1,814	\$(285)	\$2,099
	\$263	\$9	\$254
	\$(286)	\$(144)	\$(141)
	\$285	\$65	\$220
	\$207	\$183	\$24
	\$2,283	\$(173)	\$2,456
	15.2%		16.4%

# Appendix 2B: 1Q EBITDA *(In Millions)*

**SHERWIN-WILLIAMS.**

*Excluding Acquisition Related Costs, Reconciliation to As Reported*

	<b>1Q17 AS REPORTED</b>	<b>1Q17 ACQUISITION RELATED</b>	<b>1Q17 EXCLUDING ACQUISITION RELATED COSTS</b>	<b>1Q18 AS REPORTED</b>	<b>1Q18 ACQUISITION RELATED</b>	<b>1Q18 EXCLUDING ACQUISITION RELATED COSTS</b>
<b>Net Income</b>	\$239	\$(8)	\$247	\$250	\$(91)	\$341
<b>Interest Expense</b>	\$26	\$5	\$21	\$92	\$0	\$92
<b>Income Taxes</b>	\$68	\$(5)	\$73	\$54	\$(29)	\$82
<b>Depreciation</b>	\$45	\$1	\$44	\$72	\$12	\$60
<b>Amortization</b>	\$6	-	\$6	\$85	\$78	\$7
<b>EBITDA</b>	\$383	\$(8)	\$391	\$552	\$(30)	\$582

# Appendix 3: 1Q Highlights *(In Millions)*

**SHERWIN-WILLIAMS®**

## Regulation G Reconciliation

	1Q17 ACTUAL		1Q18 ACTUAL		2017 ACTUAL		2018 GUIDANCE	
						LOW	HIGH	
Diluted net income per common share	\$2.53	\$2.62			\$18.67	\$14.95	\$15.45	
One-time charge related to discontinued operations	-	-			\$0.44	-	-	
Diluted net income per common share from continuing operations	\$2.53	\$2.62			\$19.11	\$14.95	\$15.45	
One-time benefit from deferred income tax reductions					\$7.04	-	-	
Transaction and integration costs	\$0.08	\$0.24			\$0.88	\$0.75	\$0.85	
Purchase accounting impacts	-	\$0.71			\$2.12	\$2.65	\$2.65	
Total acquisition costs	\$0.08	\$0.95			\$3.00	\$3.40	\$3.50	
Consolidated excluding Valspar acquisition costs and one-time items	\$2.61	\$3.57			\$15.07	\$18.35	\$18.95	

# Appendix 4A: 2016 PRO FORMA *(In Millions)*

**SHERWIN-WILLIAMS®**

	SHW As Reported (A)	VAL As Reported (B)	SHW + VAL As Reported (C)	Pro Forma Adjustments (D)	Consolidated Pro Forma
	December 31, 2016	October 26, 2016	Year End 2016		Year End 2016
<b>NET SALES</b>	\$11,856	\$4,191	\$16,047	(\$224)	\$15,823
<b>INCOME BEFORE INCOME TAXES</b>	\$1,595	\$435	\$2,030	\$130	\$2,160
<b>TAXES</b>	\$462	\$81	\$543	\$50	\$593
<b>NET INCOME</b>	\$1,133	\$353	\$1,486	\$80	\$1,566
<b>EPS</b>			\$15.73	\$0.84	\$16.57

**A – The Sherwin-Williams Company As Reported**

**B – The Valspar Company As Reported**

**C – Combined As Reported**

- *EPS is combined net income divided by 2016 Sherwin-Williams average common shares outstanding assuming dilution of 94.5 million shares*

**D – Pro Forma Adjustments exclude the divestiture of the Valspar North American Industrial Wood Coatings business, acquisition costs, costs to achieve & restructuring charges because these items are not considered directly related to the underlying operating performance of the Company. Management believes these non-GAAP measures are useful to investors in better understanding the ongoing operations and business trends of the Company. These items include:**

- *Divestiture of Valspar North American Industrial Wood Coatings business reduces – Sales \$224 million, income before income taxes \$51 million (\$31 million after-tax)*
- *Sherwin Williams acquisition costs of \$134 million (\$82 million after-tax) included gross profit \$2 million, SG&A \$59 million & interest expense \$73 million*
- *Valspar acquisition costs and restructuring charges of \$47 million (\$29 million after-tax )*



# Appendix 4B: 2017 PRO FORMA *(In Millions)*

SHERWIN-WILLIAMS®

	FY17 AS REPORTED	FY17 ACQUISITION RELATED COSTS & TAX REFORM BENEFITS	FY17 EXCLUDING ACQUISITION RELATED COSTS	FY17 PRO FORMA ADJUSTMENTS*	FY17 PRO FORMA
<b>NET SALES</b>	\$14,984		\$14,984	\$1,651	\$16,635
<b>INCOME BEFORE INCOME TAXES</b>	\$1,528	\$(429)	\$1,957	\$118	\$2,075
<b>TAXES</b>	\$(244)	\$(771)	\$527	\$32	\$559
<b>NET INCOME</b>	\$1,772	\$342	\$1,430	\$86	\$1,516
<b>EPS</b>	\$18.67	\$3.60	\$15.07	\$0.91	\$15.98

*\*Pro Forma Adjustments include January to May 2017 Valspar Operations, Plus Annualized Synergies, Less Annualized New Debt Interest Expense.*

# Appendix 5: Group Financials *(In Millions)*

**SHERWIN-WILLIAMS®**

*Excluding Acquisition Related Costs, Reconciliation to As Reported*

	<b>FY16</b> AS REPORTED	<b>FY16</b> VAL PRO FORMA	<b>FY16</b> PRO FORMA	<b>FY17</b> AS REPORTED	<b>FY17</b> VAL PRO FORMA	<b>FY17</b> ACQUISITION RELATED COSTS	<b>FY17</b> PRO FORMA
<b>PCG Sales</b>	\$1,946	\$2,658	\$4,604	\$3,706	\$1,102		\$4,808
<b>PCG Segment Profit</b>	\$257	\$497	\$755	\$299	\$172	\$(183)	\$653
<b>CBG Sales</b>	\$1,527	\$1,327	\$2,854	\$2,155	\$547		\$2,701
<b>CBG Segment Profit</b>	\$301	\$166	\$467	\$226	\$60	\$(108)	\$394

	<b>1Q17</b> AS REPORTED	<b>1Q17</b> VAL PRO FORMA	<b>1Q17</b> PRO FORMA	<b>1Q18</b> AS REPORTED	<b>1Q18</b> ACQUISITION RELATED COSTS	<b>1Q18</b> EXCLUDING ACQUISITION RELATED COSTS
<b>PCG Sales</b>	\$485	\$634	\$1,118	\$1,228		\$1,228
<b>PCG Segment Profit</b>	\$57	\$93	\$150	\$91	\$(58)	\$148
<b>CBG Sales</b>	\$323	\$309	\$632	\$656		\$656
<b>CBG Segment Profit</b>	\$56	\$30	\$86	\$74	\$(32)	\$106