INDUSTRY OVERVIEW

BOB WELLS
SENIOR VICE PRESIDENT,
CORPORATE COMMUNICATIONS & PUBLIC AFFAIRS
The presentations today will contain 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," "potential," "seek," "intend" or "anticipate" or the negative thereof or comparable terminology. These forward-looking 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 the control of the Company that could cause actual results to differ materially from such statements and from the Company's historical results and experience. These risks, uncertainties and other factors include such things as: general business conditions; the Company's ability to successfully integrate past and future acquisitions into its 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; 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; unusual weather conditions; 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.
Paint & Coatings Industry
Global Mix by Category (Based on $)

Architectural Paints 39%

OEM Coatings 41%

Special Purpose Coatings 20%

Total Coatings
2016
~ 9 Billion Gallons
~121 Billion Dollars

Source: KNG Research
The use of KNG information in this presentation is for illustrative and consistency purposes only; SHW believes its volume data is unreliable.
Paint & Coatings Demand by Region
Geographic Split of Global Revenue

North America
- 24%
- 21%
- 25%

Europe
- 23%
- 23%
- 25%

South America
- 7%
- 3%
- 3%

Asia-Pacific
- 39%
- 51%
- 42%

ROW ~ 4%

Source: KNG Research
Projected Demand by Region
5-Year Growth Rate Estimates

Sources: KNG, ACA and Company Estimates
Paint & Coatings Industry
Global Mix by Category (Based on $)

Total Coatings
2016
~9 Billion Gallons
~121 Billion Dollars

Source: KNG Research
Industry Breakdown by Region
2016 Sales ($) Mix by Category

North America Coatings Industry
- ~1.5 Billion Gallons
- ~27.8 Billion Dollars

Europe Coatings Industry
- ~2.1 Billion Gallons
- ~28.4 Billion Dollars

Latin America Coatings Industry
- ~583 Million Gallons
- ~5.5 Billion Dollars

Asia-Pacific Coatings Industry
- ~4.2 Billion Gallons
- ~53.8 Billion Dollars

Source: KNG Research
Top Global Manufacturers
Coatings Industry 2016

Global Market
Top 10 Suppliers ~55%

Source: KNG Research
Top Global Manufacturers
Coatings Industry 2016

Architectural Market
Top 10 Suppliers ~46%

Industrial Market
Top 10 Suppliers ~48%

Source: KNG Research
North America Paint & Coatings Industry
Sales ($) Mix by Category

North America Paint & Coatings

2016
~ 1.5 Billion Gallons
~27.8 Billion Dollars

Source: KNG Research
North America Paint & Coatings Industry
Sales ($) Mix by Category

- Architectural Paints: 41%
- OEM Coatings: 37%
- Special Purpose: 22%

Comprises ~65% of SHW Direct Sales
Reliable Indicator of Demand in Other Coatings Categories

Source: KNG Research
U.S. Paint & Coatings Industry
Architectural Paint Gallons (Millions)

~ 782 Million (+3.3%)

Sources: ACA, Company Estimates
Favorable Customer Mix
DIY → Contractor Shift Will Continue in U.S. & Canada

Sources: U.S. Commerce Department, Company Estimates
U.S. & Canada Architectural Paints
Breakdown by Segment

- Residential Repaint (Pro): 28% (217M Gal)
- Non-Residential: 6% (50M Gal)
- New Non-Residential: 6% (50M Gal)
- New Residential: 12% (90M Gal)
- DIY: 39% (302M Gal)
- Non-Residential Repaint: 15% (123M Gal)

782 Million Gallons

Sources: ACA, Company Estimates
U.S. Paint & Coatings Industry
Sustained Household Formation Underpins Housing Demand

Source: U.S. Census Bureau
Housing Surplus/Deficit (thousand) & Homeowner Vacancy Rate

Housing Surplus/Deficit (thousand)

Sources: Wells Fargo Securities, U.S. Commerce Department
U.S. Paint & Coatings Industry
Shortfall Particularly Acute in Entry Level

- Months' Supply of Resale Inventory -
  - Entry Level: 2.8
  - First-Time Move Up: 3.2
  - Second-Time Move Up: 4.9
  - Luxury: 9.3

- Price Appreciation - right
  - Low Tier: 11%
  - Mid Tier: 7%
  - High Tier: 4%

Historical Average

Sources: Case-Shiller, CoreLogic, Local MLS, Zelman & Associates
U.S. Paint & Coatings Industry
New Housing Activity Lags Prior Periods
U.S. Paint & Coatings Industry
Inventory For Sale (New & Existing) Below Multi-Decade Norms

Seasonally-Adjusted Single-Family New and Existing Home Inventory as Percentage of Households

Sources: Census Bureau, NAR, Zelman & Associates
Residential Remodeling Market Remains Strong

Leading Indicator of Remodeling Activity

Source: Harvard Joint Center for Housing Studies

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U.S. Paint & Coatings Industry
Residential and Non-Residential Fixed Investment as % of GDP

Residential Investment
3.8% of GDP in 2Q17
13% Below Historical Average

Non-Residential Investment
12.6% of GDP in 2Q17
4% Below Historical Average

Sources: Wells Fargo Securities, U.S. Commerce Department
U.S. Paint & Coatings Industry
Positive Manufacturing & Construction Outlook

Manufacturing PMI & Architectural Billings

Architectural Billings by Sector

Sources: Institute for Supply Management, American Institute of Architects
U.S. Paint & Coatings Industry
Moderating Permits and Starts – Completions likely to Continue Rising

Multi-Family Construction - Units in Thousands

Starts

Completions

Year-End Under Construction

Sources: Census Bureau, Zelman & Associates
# U.S. Manufacturing Activity

Positive Manufacturing Outlook

<table>
<thead>
<tr>
<th>Index</th>
<th>Aug 2017</th>
<th>Jul 2017</th>
<th>Change</th>
<th>Direction</th>
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<td>PMI</td>
<td>58.8</td>
<td>56.3</td>
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<td>New Orders</td>
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<td>Production</td>
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<td>Employment</td>
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<td>Inventories</td>
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<td>Order Backlog</td>
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<td>Exports</td>
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<td>57.5</td>
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<td>Slower</td>
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Source: Institute for Supply Management
Coil Coatings & General Industrial
U.S. Appliance Shipments

Source: AHAM
Industrial Coatings
Forecasted U.S. & Canada Activity

Sources: IHS Global Insight, Company Estimates
Protective & Marine Coatings
Forecasted U.S. & Canada Activity

Sources: IHS Global Insight, Company Estimates
Oil & Gas Infrastructure
Capital Expenditure (in Billions $)

Shell
2013: 39.9
2014: 31.6
2015: 26.1
2016: 22.1

Exxon
2013: 42.5
2014: 38.5
2015: 31.1
2016: 19.3

Chevron
2013: 37.9
2014: 35.4
2015: 29.5
2016: 18.1

BP
2013: 24.5
2014: 22.5
2015: 18.7
2016: 18.4

Source: Public Company Reports
Global Economic Indicator: Oil and Gas

Global Oil & Gas Rig Count

- **NORTH AMERICA**
- **EUROPE**
- **ASIA-PACIFIC**
- **LATIN AMERICA**

Source: Baker Hughes
Global Confidence
Positive Outlook

Global Manufacturing Confidence
PMI

Global Consumer Confidence
Consumer Outlook

Sources: IHS-Markit, U.S. Commerce Department