Industry Overview Appendix
Opportunity Territories
Icon Reference

Customer Connectivity
Visual Appearance & Visualization
Sustainability

Maintenance & Durability
The Painting Process
Custom Solutions

Financial Community Presentation - May 26, 2016
U.S. Coatings Industry
Household Formation

Source: U.S. Census Bureau
U.S. Coatings Industry
Home Ownership vs Rental

1st Qtr

% of Owner-occupied out of ALL units

% Renter-occupied out of ALL units

Financial Community Presentation - May 26, 2016

Source: U.S. Census Bureau
U.S. Architectural Paint
Pending Home Sales vs. Existing Home Sales (SAAR)

Financial Community Presentation - May 26, 2016

Source: National Association of Realtors
Existing Home Sales YTD +6% (SAAR Through April)

Source: National Association of Realtors
U.S. Architectural Paint
Existing Home Inventory

Source: National Association of Realtors
New Home Sales YTD +5.4% (SAAR Through March)

Sales in Thousands of Units

Percentage Change vs. Previous Year

Source: U.S. Department of Commerce
U.S. Architectural Paint
New Home Inventory (SAAR)

Financial Community Presentation - May 26, 2016

Source: U.S. Department of Commerce
**U.S. Architectural Paint**

Residential Starts – 1 Unit (SAAR)

**Starts (1 Unit) YTD +4.3% (SAAR Through April)**

- **000 Units in structures with 1 unit**
- **% Change in structures with 1 unit**

**Source:** National Association of Realtors

Financial Community Presentation - May 26, 2016
Single-family housing starts increased in the first quarter of 2016 and are expected to continue growing in 2017.
U.S. Architectural Paint
Residential Starts – Structures w/ 5+ Units (SAAR)

Starts (5+ Units) YTD -12.9% (SAAR Through April)

000 Units in structures with 5 units or more
% Change in structures with 5 units or more

Source: National Association of Realtors
Multifamily housing starts reached their historic ‘normal’ level in the first quarter of 2016 and are expected to increase modestly in 2017.
U.S. Architectural Paint
Home Values & Remodel Activity Strongly Correlated

Source: S&P/Case-Shiller, Harvard Joint Center for Housing Studies
U.S. Architectural Paint
LIRA Index

Source: Harvard Joint Center for Housing Studies
## U.S. Architectural Paint
### Non-Residential Construction

### Contracts for New, Addition and Major Alteration Projects

<table>
<thead>
<tr>
<th></th>
<th>Cumulative thru December</th>
<th>2015</th>
<th>% Change over last year</th>
<th>Square Ft.</th>
<th>% Change over last year</th>
<th>Value</th>
<th>% Change over last year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Projects</td>
<td>% Change</td>
<td>Total Construction</td>
<td>828,953</td>
<td>7%</td>
<td>3,084,346</td>
<td>5%</td>
</tr>
<tr>
<td></td>
<td>Total Building</td>
<td>767,517</td>
<td>9%</td>
<td>3,084,346</td>
<td>5%</td>
<td>469,527</td>
<td>4%</td>
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<tr>
<td></td>
<td>Non-Residential</td>
<td>56,828</td>
<td>-5%</td>
<td>911,121</td>
<td>-9%</td>
<td>204,151</td>
<td>-8%</td>
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<tr>
<td></td>
<td>Residential</td>
<td>710,689</td>
<td>10%</td>
<td>2,173,225</td>
<td>12%</td>
<td>265,376</td>
<td>14%</td>
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<tr>
<td></td>
<td>Non-building</td>
<td>61,436</td>
<td>-11%</td>
<td>--</td>
<td>--</td>
<td>176,021</td>
<td>23%</td>
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</table>

<table>
<thead>
<tr>
<th></th>
<th>Cumulative to date thru March</th>
<th>2015</th>
<th>% Change over last year</th>
<th>Square Ft.</th>
<th>% Change over last year</th>
<th>Value</th>
<th>% Change over last year</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Number of Projects</td>
<td>% Change</td>
<td>Total Construction</td>
<td>193,881</td>
<td>9%</td>
<td>723,458</td>
<td>9%</td>
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<tr>
<td></td>
<td>Total Building</td>
<td>184,413</td>
<td>11%</td>
<td>723,458</td>
<td>9%</td>
<td>105,709</td>
<td>3%</td>
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<tr>
<td></td>
<td>Non-Residential</td>
<td>11,394</td>
<td>-16%</td>
<td>190,825</td>
<td>-5%</td>
<td>42,106</td>
<td>-9%</td>
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<tr>
<td></td>
<td>Residential</td>
<td>173,019</td>
<td>14%</td>
<td>532,633</td>
<td>15%</td>
<td>63,603</td>
<td>12%</td>
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<tr>
<td></td>
<td>Non-building</td>
<td>9,468</td>
<td>-26%</td>
<td>--</td>
<td>--</td>
<td>36,024</td>
<td>-34%</td>
</tr>
</tbody>
</table>

Source: McGraw Hill Construction
U.S. Architectural Paint
Non-Residential Construction

2006: 1%
2007: -5%
2008: -19%
2009: -46%
2010: -18%
2011: -2%
2012: 4%
2013: 6%
2014: 7%
2015: -9%
2016YTD: -5%

Source: McGraw Hill Construction
Vacancy Rates Trending Down in Most U.S. Commercial Real Estate Categories (Multifamily Housing the Notable Exception)

Commercial Real Estate Vacancy Forecast (%)

<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Office</td>
<td>14.9</td>
<td>15.1</td>
<td>15.9</td>
<td>16.0</td>
<td>14.3</td>
<td>13.4</td>
<td>13.2</td>
<td>12.9</td>
<td>12.5</td>
<td>12.2</td>
<td>11.9</td>
<td>11.6</td>
<td>14.3</td>
<td>13.0</td>
<td>11.7</td>
</tr>
<tr>
<td>Industrial</td>
<td>11.6</td>
<td>11.3</td>
<td>10.8</td>
<td>11.5</td>
<td>11.4</td>
<td>11.1</td>
<td>10.9</td>
<td>10.6</td>
<td>10.7</td>
<td>10.6</td>
<td>10.5</td>
<td>10.4</td>
<td>11.4</td>
<td>10.8</td>
<td>10.4</td>
</tr>
<tr>
<td>Retail</td>
<td>12.5</td>
<td>13.7</td>
<td>13.2</td>
<td>13.0</td>
<td>12.9</td>
<td>12.5</td>
<td>12.3</td>
<td>12.0</td>
<td>11.8</td>
<td>11.8</td>
<td>11.5</td>
<td>11.3</td>
<td>12.9</td>
<td>12.2</td>
<td>11.4</td>
</tr>
<tr>
<td>Multifamily</td>
<td>6.8</td>
<td>8.4</td>
<td>6.6</td>
<td>7.4</td>
<td>6.2</td>
<td>7.8</td>
<td>7.9</td>
<td>8.1</td>
<td>8.4</td>
<td>8.6</td>
<td>8.7</td>
<td>9.0</td>
<td>6.2</td>
<td>8.0</td>
<td>8.9</td>
</tr>
</tbody>
</table>

Source: National Association of Realtors
Latin America Architectural Paint

Housing Indicators

Argentina

Brazil

Chile

Colombia

Source: IHS Global Construction Report, Q1 2016
Latin America Architectural Paint
Housing Indicators

Ecuador

Mexico

Peru

Uruguay

Source: IHS Global Construction Report, Q1 2016
U.S. Manufacturing Activity

Expansion Resumes in U.S. Manufacturing Following Year-End Dip

Source: Institute for Supply Management

Financial Community Presentation - May 26, 2016
# U.S. Manufacturing Activity

## Positive Manufacturing Outlook

<table>
<thead>
<tr>
<th>Index</th>
<th>March 2016</th>
<th>Feb 2016</th>
<th>Change</th>
<th>Direction</th>
<th>Rate of Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>PMI</td>
<td>51.8</td>
<td>49.5</td>
<td>+2.3</td>
<td>Growing</td>
<td>From Contracting</td>
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<tr>
<td>New Orders</td>
<td>58.3</td>
<td>51.5</td>
<td>+6.8</td>
<td>Growing</td>
<td>Faster</td>
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<tr>
<td>Production</td>
<td>55.3</td>
<td>52.8</td>
<td>+2.5</td>
<td>Growing</td>
<td>Faster</td>
</tr>
<tr>
<td>Employment</td>
<td>48.1</td>
<td>48.5</td>
<td>-0.4</td>
<td>Contracting</td>
<td>Faster</td>
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<tr>
<td>Inventories</td>
<td>47.0</td>
<td>45.0</td>
<td>+2.0</td>
<td>Contracting</td>
<td>From Growing</td>
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<tr>
<td>Order Backlog</td>
<td>51.0</td>
<td>48.5</td>
<td>+2.5</td>
<td>Growing</td>
<td>From Contracting</td>
</tr>
<tr>
<td>Exports</td>
<td>52.0</td>
<td>46.5</td>
<td>+5.5</td>
<td>Growing</td>
<td>From Contracting</td>
</tr>
</tbody>
</table>

Source: Institute for Supply Management
Eurozone Industrial Production
Signs of Improvement

Industrial Production Index (2010 = 100)

Year-Over-Year % Change

Source: Eurostat
U.S. Vehicle Miles Driven
Moving 12-Month Total Vehicle Miles Driven (10 Years)

Source: www.fhwa.dot.gov, AAA