

The Sherwin-Williams Company Reports 2013 First Quarter Financial Results

- **Consolidated net sales increased 1.4% to a record \$2.17 billion in the quarter**
- **Net sales from stores open more than twelve calendar months increased 3.2% in the quarter**
- **Diluted net income per common share increased 16.8% to a record \$1.11 per share in the quarter**
- **Anticipates 2Q13 sales increase 5% to 9% and EPS in the range of \$2.50 to \$2.60 per share**
- **Reaffirming FY13 EPS guidance of \$7.45 to \$7.55 per share**

CLEVELAND, OHIO, April 18, 2013 - The Sherwin-Williams Company (NYSE: SHW) announced its financial results for the first quarter ended March 31, 2013. Compared to the same period in 2012, consolidated net sales increased \$30.8 million, or 1.4%, to \$2.17 billion in the quarter due primarily to higher paint sales volume in our Paint Stores Group. Acquisitions increased consolidated net sales 1.0%, which offset the impact of unfavorable currency translation rate changes in the quarter.

Diluted net income per common share increased to \$1.11 per share in the quarter compared to \$.95 per share in 2012 due primarily to improved operating results of the Paint Stores and Global Finishes Groups. Unfavorable currency translation rate changes decreased diluted net income per common share by \$.02 per share in the quarter. Acquisitions had no significant effect on diluted net income per common share in the quarter.

Net sales in the Paint Stores Group increased 4.0% to \$1.17 billion in the quarter due primarily to higher architectural paint sales volume across all end market segments. Net sales from stores open for more than twelve calendar months increased 3.2% in the quarter over last year's comparable period. Paint Stores Group segment profit increased \$17.0 million to \$129.7 million in the quarter from \$112.7 million last year due primarily to higher paint sales volume partially offset by increases in selling, general and administrative expenses. Segment profit as a percent to net sales increased in the quarter to 11.1% from 10.0% last year.

Net sales of the Consumer Group decreased 3.7% to \$308.6 million in the quarter due primarily to the previously disclosed elimination of a portion of a paint program with a large retail customer partially offset by acquisitions. Acquisitions increased net sales 4.9% in the quarter. Segment profit decreased to \$54.0 million in the quarter from \$55.3 million last year due primarily to lower sales. As a percent to net external sales, segment profit increased in the quarter to 17.5% from 17.3% last year due to improved operating efficiencies. Acquisitions did not have a significant effect on segment profit in the quarter.

The Global Finishes Group's net sales stated in U.S. dollars increased .8% to \$486.8 million in the quarter due primarily to selling price increases and acquisitions partially offset by unfavorable currency translation rate changes. Acquisitions increased net sales in U.S. dollars by 1.0%, which offset the impact of unfavorable currency translation rate changes in the quarter. Stated in U.S. dollars, segment profit increased in the quarter to \$33.9 million from \$28.6 million last year due primarily to selling price increases and improved operating efficiencies partially offset by unfavorable foreign currency translation rate changes and acquisitions. Unfavorable currency translation rate changes and acquisitions decreased segment profit \$1.8 million in the quarter. As a percent to net external sales, segment profit was 7.0% in the quarter versus 5.9% last year.

The Latin America Coatings Group's net sales stated in U.S. dollars decreased 2.9% to \$202.6 million in the quarter due primarily to unfavorable currency translation rate changes partially offset by selling price increases. Unfavorable currency translation rate changes decreased net sales by 6.6% in the quarter. Stated in U.S. dollars, segment profit increased to \$20.8 million in the quarter from \$19.9 million last year due primarily to good expense control and selling price increases partially offset by unfavorable currency translation rate changes. Unfavorable foreign currency translation rate changes decreased segment profit \$1.7 million in the quarter. As a percent to net external sales, segment profit improved to 10.3% in the quarter versus 9.5% last year.

The Company acquired .5 million shares of its common stock through open market purchases in the quarter. The Company had remaining authorization at March 31, 2013 to purchase 15.95 million shares.

Commenting on the financial results, Christopher M. Connor, Chairman and Chief Executive Officer, said, "We are pleased to report record sales and earnings per share on the continued positive sales volume and strong operating results of our Paint Stores Group. The Paint Stores Group architectural volume growth across all end market

segments was impressive considering the difficult comparisons from a year ago. Our Consumer Group improved their operating margins through improved operating efficiencies. Our Global Finishes and Latin America Coatings Groups are managing to improve their operating margins through selling price increases and good cost control despite the unfavorable effects of currency translation rate changes.

“We continued to invest in our business by opening nine net new locations in the Paint Stores Group. For the year, we expect our Paint Stores Group to open 70 to 80 new stores. Our working capital ratio (accounts receivable plus inventories less accounts payable to sales) at March 31, 2013 was 11.7% compared to 12.7% last year. During the quarter, we continued to buy shares of our stock and we increased the dividend rate to \$.50 from \$.39 last year. Our balance sheet is positioned well for the anticipated closing of the Comex acquisition and other investments in our business.

“For the second quarter, we anticipate our consolidated net sales will increase five to nine percent compared to last year's second quarter. At that anticipated sales level, we estimate diluted net income per common share in the second quarter to be in the range of \$2.50 to \$2.60 per share compared to \$2.17 per share earned in the second quarter of 2012. For the full year 2013, we expect consolidated net sales to increase above 2012 levels by a mid single digit percentage. With annual sales at that level, we are reaffirming our guidance that diluted net income per common share for 2013 is expected to be in the range of \$7.45 to \$7.55 per share compared to \$6.02 per share earned in 2012.”

The Company will conduct a conference call to discuss its financial results for the first quarter, and its outlook for the second quarter and full year 2013, at 11:00 a.m. ET on Thursday, April 18, 2013. The conference call will be webcast simultaneously in the listen only mode by Vcall. To listen to the webcast on the Sherwin-Williams website, www.sherwin.com, click on About Us, choose Investor Relations, then select Press Releases and click on the webcast icon following the reference to the April 18th release. The webcast will also be available at Vcall's Investor Calendar website, www.investorcalendar.com. An archived replay of the live webcast will be available at www.sherwin.com beginning approximately two hours after the call ends and will be available until May 9, 2013 at 5:00 p.m. ET.

Founded in 1866, The Sherwin-Williams Company is a global leader in the manufacture, development, distribution, and sale of coatings and related products to professional, industrial, commercial, and retail customers. The company manufactures products under well-known brands such as Sherwin-Williams[®], Dutch Boy[®], Krylon[®], Minwax[®], Thompson's[®] Water Seal[®], and many more. With global headquarters in Cleveland, Ohio, Sherwin-Williams[®] branded products are sold exclusively through a chain of more than 4,100 company-operated stores and facilities, while the company's other brands are sold through leading mass merchandisers, home centers, independent paint dealers, hardware stores, automotive retailers, and industrial distributors. The Sherwin-Williams Global Finishes Group distributes a wide range of products in more than 115 countries around the world. For more information, visit www.sherwin.com.

This press release contains certain “forward-looking statements”, as defined under U.S. federal securities laws, with respect to sales, earnings and other matters. 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, 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.

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The Sherwin-Williams Company and Subsidiaries
Statements of Consolidated Income (Unaudited)

Thousands of dollars, except per share data	Three Months Ended March 31,	
	2013	2012
Net sales	\$ 2,167,168	\$ 2,136,344
Cost of goods sold	1,204,317	1,226,505
Gross profit	962,851	909,839
<i>Percent to net sales</i>	<i>44.4%</i>	<i>42.6%</i>
Selling, general and administrative expenses	778,679	757,679
<i>Percent to net sales</i>	<i>35.9%</i>	<i>35.5%</i>
Other general expense - net	3,947	5,037
Interest expense	15,311	10,337
Interest and net investment income	(749)	(542)
Other income - net	(2,721)	(4,987)
Income before income taxes	168,384	142,315
Income taxes	52,199	42,099
Net income	\$ 116,185	\$ 100,216
Net income per common share:		
Basic	\$ 1.13	\$.97
Diluted	\$ 1.11	\$.95
Average shares outstanding - basic	101,961,059	102,070,349
Average shares and equivalents outstanding - diluted	104,256,263	104,458,088

The Sherwin-Williams Company and Subsidiaries
Business Segments (Unaudited)

Thousands of dollars	2013		2012	
	Net External Sales	Segment Profit (Loss)	Net External Sales	Segment Profit (Loss)
<u>Three Months Ended March 31:</u>				
Paint Stores Group	\$ 1,167,937	\$ 129,713	\$ 1,123,078	\$ 112,713
Consumer Group	308,580	53,972	320,373	55,306
Global Finishes Group	486,818	33,931	483,075	28,636
Latin America Coatings Group	202,636	20,839	208,594	19,887
Administrative	1,197	(70,071)	1,224	(74,227)
Consolidated totals	\$ 2,167,168	\$ 168,384	\$ 2,136,344	\$ 142,315

The Sherwin-Williams Company and Subsidiaries *Consolidated Financial Position (Unaudited)*

Thousands of dollars	March 31,	
	2013	2012
Cash	\$ 613,930	\$ 25,493
Accounts receivable	1,130,940	1,135,174
Inventories	1,013,666	1,017,195
Other current assets	328,216	299,264
Short-term borrowings	(68,304)	(677,021)
Current portion of long-term debt	(3,386)	(6,907)
Accounts payable	(1,023,284)	(999,685)
Other current liabilities	(687,632)	(711,599)
Working capital	1,304,146	81,914
Net property, plant and equipment	954,917	950,782
Deferred pension assets	250,392	230,771
Goodwill and intangibles	1,495,599	1,416,640
Other non-current assets	378,560	381,600
Long-term debt	(1,632,198)	(637,884)
Postretirement benefits other than pensions	(320,221)	(298,167)
Other long-term liabilities	(618,240)	(617,059)
Shareholders' equity	\$ 1,812,955	\$ 1,508,597

Selected Information (Unaudited)

Thousands of dollars	Three Months Ended March 31,	
	2013	2012
Paint Stores Group - net new stores	9	5
Paint Stores Group - total stores	3,529	3,455
Global Finishes Group - net new branches		(1)
Global Finishes Group - total branches	302	302
Latin America Coatings Group - net new stores	2	1
Latin America Coatings Group - total stores	278	266
Depreciation	\$ 38,892	\$ 37,884
Capital expenditures	31,232	32,783
Cash dividends	51,745	40,363
Amortization of intangibles	7,664	6,599
Significant components of Other general expense - net:		
Provision for environmental related matters - net	323	5,105
Loss (gain) on disposition of assets	3,496	(121)
Adjustments to prior provisions for qualified exit costs	128	53
Significant components of Other (income) - net:		
Dividend and royalty income	(2,824)	(1,250)
Net expense from financing activities	1,898	2,980
Foreign currency transaction related losses (gains)	2,748	(5,078)
Other ⁽¹⁾	(4,543)	(1,639)
Intersegment transfers:		
Consumer Group	507,704	503,500
Global Finishes Group	1,291	2,330
Latin America Coatings Group	10,221	10,975
Administrative	2,894	2,598

(1) Consists of items of revenue, gains, expenses and losses unrelated to the primary business purpose of the Company. No items are individually significant.

