



SHERWIN-WILLIAMS.

OPERATING SEGMENTS ADJUSTMENTS TO SEGMENT PROFIT

4Q AND FULL YEAR 2019

Consolidated



<i>(in millions)</i>	Consolidated			
	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2019	2018	2019	2018
Net external sales	\$ 4,114.4	\$ 4,064.2	\$ 17,900.8	\$ 17,534.5
Segment profit (as reported)	\$ 297.4	\$ 102.0	\$ 1,981.8	\$ 1,359.7
<i>% of sales (as reported)</i>	7.2%	2.5%	11.1%	7.8%
<u>Other adjustments</u>				
Trademark impairment	122.1	-	122.1	-
Brazil indirect tax credit	(50.8)	-	(50.8)	-
California litigation expense provision (reduction)	-	-	(34.7)	136.3
Environmental expense	-	135.6	-	167.6
Pension plan settlement expense	-	37.6	32.4	37.6
Total other adjustments	71.3	173.2	69.0	341.5
<u>Acquisition-related costs</u>				
Integration costs ⁽¹⁾	42.9	57.8	81.8	157.7
Acquisition-related amortization ⁽²⁾	76.4	79.7	307.5	326.7
Total acquisition-related costs	119.3	137.5	389.3	484.4
Segment profit (as adjusted)	\$ 488.0	\$ 412.7	\$ 2,440.1	\$ 2,185.6
<i>% of sales (as adjusted)</i>	11.9%	10.2%	13.6%	12.5%

⁽¹⁾ Integration costs consist primarily of professional service expenses, salaries and other employee-related expenses dedicated directly to the integration effort, and severance expense.

⁽²⁾ Acquisition-related amortization expense consists primarily of the amortization of intangible assets related to the Valspar acquisition.

The Americas Group



(in millions)

	The Americas Group			
	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2019	2018	2019	2018
Net external sales	\$ 2,362.8	\$ 2,254.0	\$ 10,171.9	\$ 9,625.1
Segment profit (as reported)	\$ 449.4	\$ 413.4	\$ 2,056.5	\$ 1,898.4
<i>% of sales (as reported)</i>	19.0%	18.3%	20.2%	19.7%
<u>Other adjustments</u>				
Trademark impairment	-	-	-	-
Brazil indirect tax credit	-	-	-	-
California litigation expense provision (reduction)	-	-	-	-
Environmental expense	-	-	-	-
Pension plan settlement expense	-	-	-	-
Total other adjustments	-	-	-	-
<u>Acquisition-related costs</u>				
Integration costs ⁽¹⁾	-	-	-	-
Acquisition-related amortization ⁽²⁾	-	-	-	-
Total acquisition-related costs	-	-	-	-
Segment profit (as adjusted)	\$ 449.4	\$ 413.4	\$ 2,056.5	\$ 1,898.4
<i>% of sales (as adjusted)</i>	19.0%	18.3%	20.2%	19.7%

⁽¹⁾ Integration costs consist primarily of professional service expenses, salaries and other employee-related expenses dedicated directly to the integration effort, and severance expense.

⁽²⁾ Acquisition-related amortization expense consists primarily of the amortization of intangible assets related to the Valspar acquisition.

Consumer Brands Group



<i>(in millions)</i>	Consumer Brands Group			
	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2019	2018	2019	2018
Net external sales	\$ 539.4	\$ 534.4	\$ 2,676.8	\$ 2,739.1
Segment profit (as reported)	\$ 29.7	\$ 12.0	\$ 373.2	\$ 261.1
<i>% of sales (as reported)</i>	5.5%	2.2%	13.9%	9.5%
<u>Other adjustments</u>				
Trademark impairment	5.1	-	5.1	-
Brazil indirect tax credit	-	-	-	-
California litigation expense provision (reduction)	-	-	-	-
Environmental expense	-	-	-	-
Pension plan settlement expense	-	-	-	-
Total other adjustments	5.1	-	5.1	-
<u>Acquisition-related costs</u>				
Integration costs ⁽¹⁾	-	-	-	-
Acquisition-related amortization ⁽²⁾	23.2	24.5	91.2	110.9
Total acquisition-related costs	23.2	24.5	91.2	110.9
Segment profit (as adjusted)	\$ 58.0	\$ 36.5	\$ 469.5	\$ 372.0
<i>% of sales (as adjusted)</i>	10.8%	6.8%	17.5%	13.6%

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⁽²⁾ Acquisition-related amortization expense consists primarily of the amortization of intangible assets related to the Valspar acquisition.

Performance Coatings Group



<i>(in millions)</i>	Performance Coatings Group			
	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2019	2018	2019	2018
Net external sales	\$ 1,211.2	\$ 1,274.7	\$ 5,049.2	\$ 5,166.4
Segment profit (as reported)	\$ (7.4)	\$ 112.3	\$ 379.1	\$ 452.1
<i>% of sales (as reported)</i>	-0.6%	8.8%	7.5%	8.8%
<u>Other adjustments</u>				
Trademark impairment	117.0	-	117.0	-
Brazil indirect tax credit	-	-	-	-
California litigation expense provision (reduction)	-	-	-	-
Environmental expense	-	-	-	-
Pension plan settlement expense	-	-	-	-
Total other adjustments	117.0	-	117.0	-
<u>Acquisition-related costs</u>				
Integration costs ⁽¹⁾	-	-	-	-
Acquisition-related amortization ⁽²⁾	53.1	55.2	215.5	215.8
Total acquisition-related costs	53.1	55.2	215.5	215.8
Segment profit (as adjusted)	\$ 162.7	\$ 167.5	\$ 711.6	\$ 667.9
<i>% of sales (as adjusted)</i>	13.4%	13.1%	14.1%	12.9%

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⁽²⁾ Acquisition-related amortization expense consists primarily of the amortization of intangible assets related to the Valspar acquisition.

Administrative



<i>(in millions)</i>	Administrative			
	Three Months Ended		Year Ended	
	December 31,		December 31,	
	2019	2018	2019	2018
Net external sales	\$ 1.0	\$ 1.1	\$ 2.9	\$ 3.9
Segment profit (as reported)	\$ (174.3)	\$ (435.7)	\$ (827.0)	\$ (1,251.9)
<i>Other adjustments</i>				
Trademark impairment	-	-	-	-
Brazil indirect tax credit	(50.8)	-	(50.8)	-
California litigation expense provision (reduction)	-	-	(34.7)	136.3
Environmental expense	-	135.6	-	167.6
Pension plan settlement expense	-	37.6	32.4	37.6
Total other adjustments	(50.8)	173.2	(53.1)	341.5
<i>Acquisition-related costs</i>				
Integration costs ⁽¹⁾	42.9	57.8	81.8	157.7
Acquisition-related amortization ⁽²⁾	0.1	-	0.8	-
Total acquisition-related costs	43.0	57.8	82.6	157.7
Segment profit (as adjusted)	\$ (182.1)	\$ (204.7)	\$ (797.5)	\$ (752.7)

⁽¹⁾ Integration costs consist primarily of professional service expenses, salaries and other employee-related expenses dedicated directly to the integration effort, and severance expense.

⁽²⁾ Acquisition-related amortization expense consists primarily of the amortization of intangible assets related to the Valspar acquisition.