



SHERWIN-WILLIAMS®

The Sherwin-Williams Co (NYSE:SHW)

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Market Data as of 28-03-2022

~70% market share, ~32% sustainable long-term value creation, high-quality business

Business Overview

- Sherwin-Williams is the **#1** player in American paint & coat manufacturing industry; **US\$30.2B larger in TEV** than second largest competitor
- **2/3rd** of revenues are related to **retail** and **consumer** operations, **and 1/3rd** comes from **coating-related** revenues

Investment Thesis

Why Is This a Good Business?

- Generates **~0.50¢ incremental EBITDA** per core business dollar investment
- Created **~2x more value on CFROI basis than competitors** (~32% vs. ~16%)
- Will continue to create value due to robust value net (complementor advantage, consumer advantage, operating structure & R&D, & supplier advantage)

What Is The Market Missing?

- The market is under-estimating the company's future ROIC, ROE, and Sherwin-Williams superior future M&A opportunities

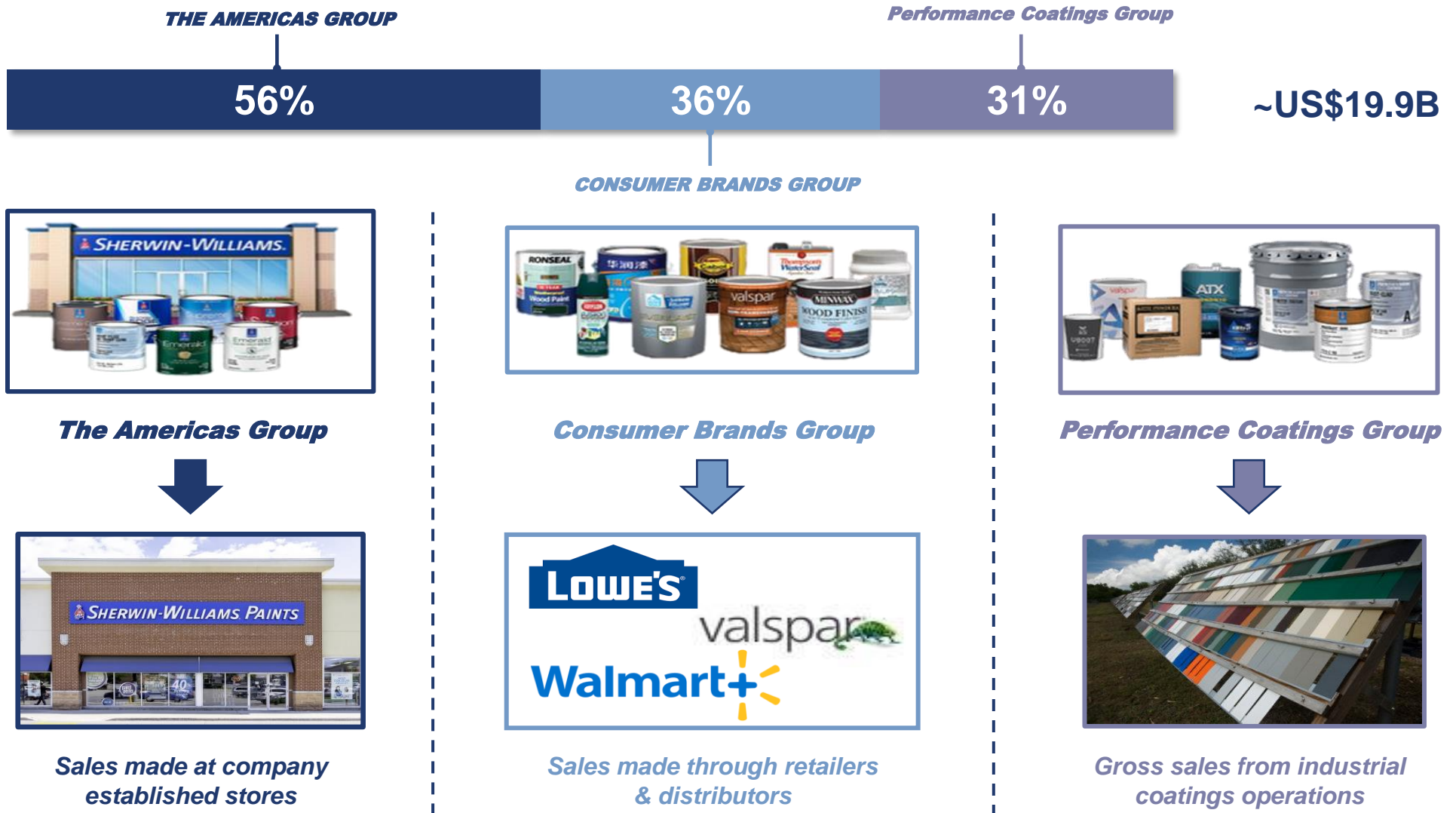
We recommend a BUY rating on Sherwin-Williams with an implied upside of ~10%

Company Overview



How Sherwin-Williams Co. Makes Money

Revenue generation segmented into 3 operations

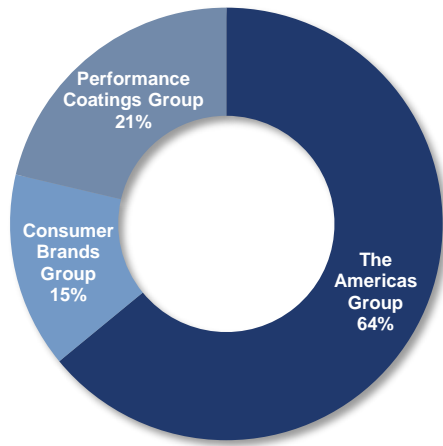


Sherwin-Williams Co. is the #1 global paint developer, manufacturer, and distributor

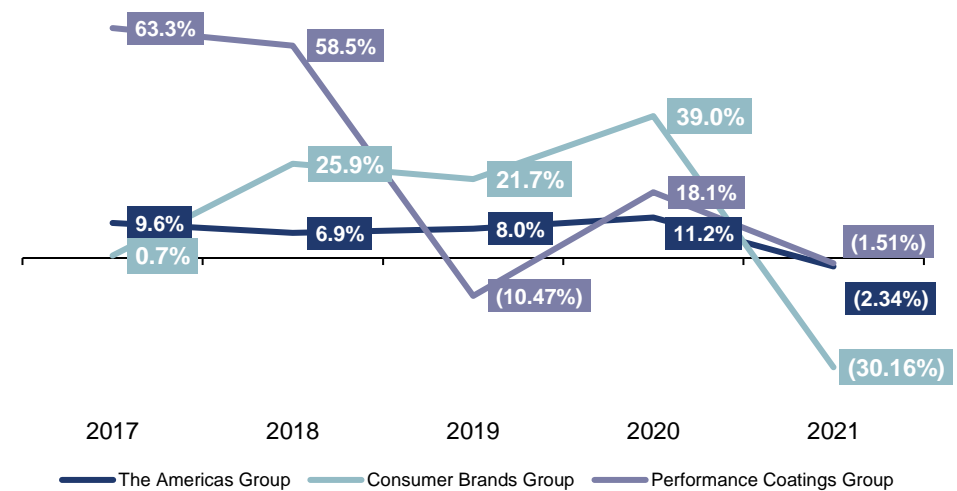
Segment Specific Margin Breakdown

The Americas Group segment contributes the most to EBITDA; Historically steady

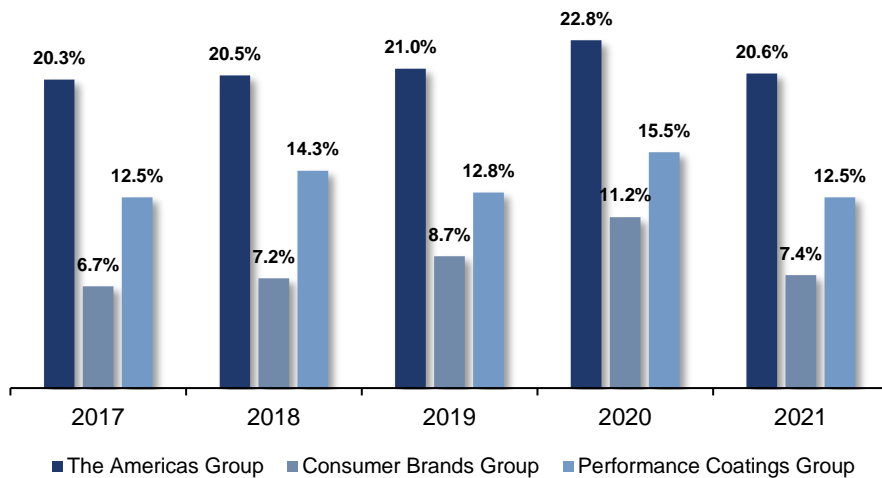
EBITDA Contribution



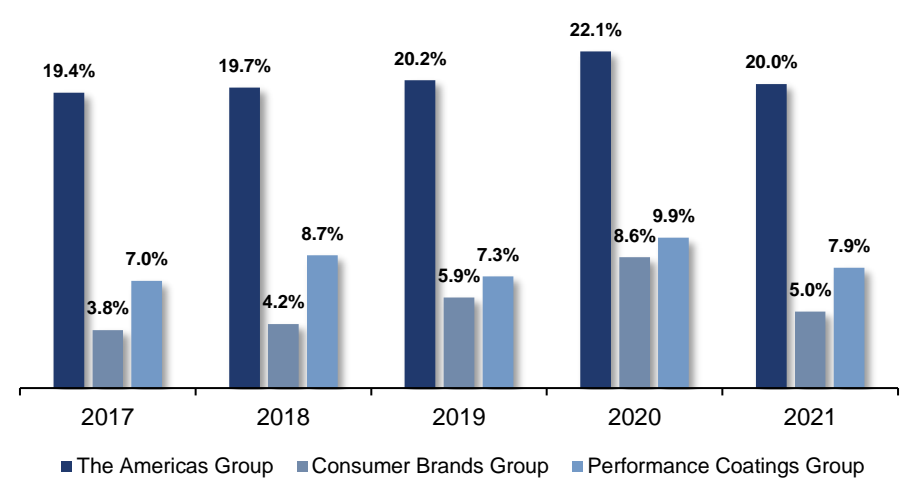
EBITDA Growth



EBITDA Margins



EBIT Margins



Supply Chain Overview

End-to-end global supply chain

Fully Integrated Global Supply-Chain



Sherwin-Williams Sets Itself Apart By Having Direct Control To All Parts of the Chain



Sherwin-Williams Is More Vertically Integrated Than Peer Group

Product Portfolio

Diverse and innovative product base spanning paints, coatings, and supplies

Interior Paint & Coatings



Paint & Coatings



Primers



Wood Stains, Sealers
& Clear Topcoats



Commercial High-
Performance Coatings

Exterior Paint & Coatings



Concrete &
Masonry Products



Aerosols



Floor Coatings

Equipment & Supplies



Brushes



Roller Covers, Frames &
Accessories



Ladders, Scaffolds &
Climbing Equipment



Paint & Coatings



Tape & Masking



Sandpaper &
Abrasives



Drop Cloths &
Plastic Sheeting



Caulks, Sealants
& Caulking Tools

Industry Leading Value Proposition & Deep Moat

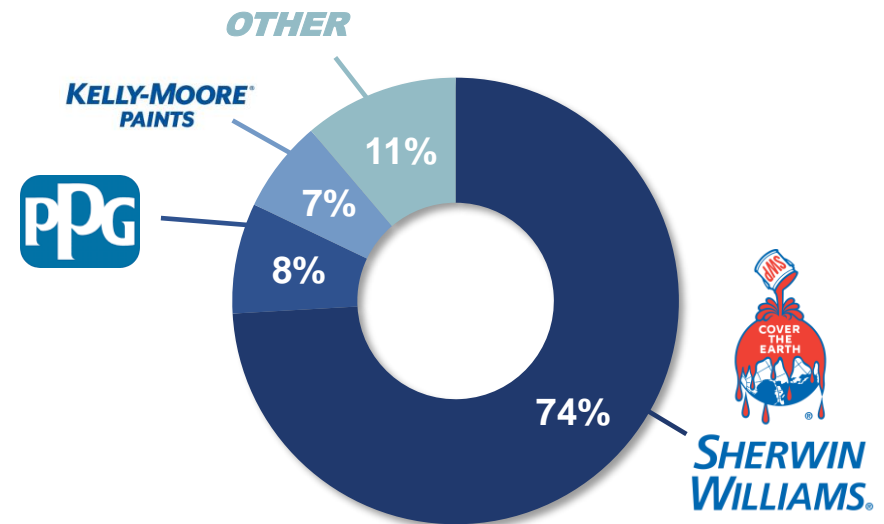
Sherwin-Williams is the best paint company; will continue to be the best

Why Customers Love Sherwin-Williams

- 1 **Easiest To Use** Even coatings
- 2 **Durability** Lasts ~12 years longer
- 3 **Faster Drying** Paints dry within an hour

Sherwin-Williams Remains The Market's **1st** Choice

Undisputed Industry Leader (Paint Stores)



Highest Quality of Paint Provided



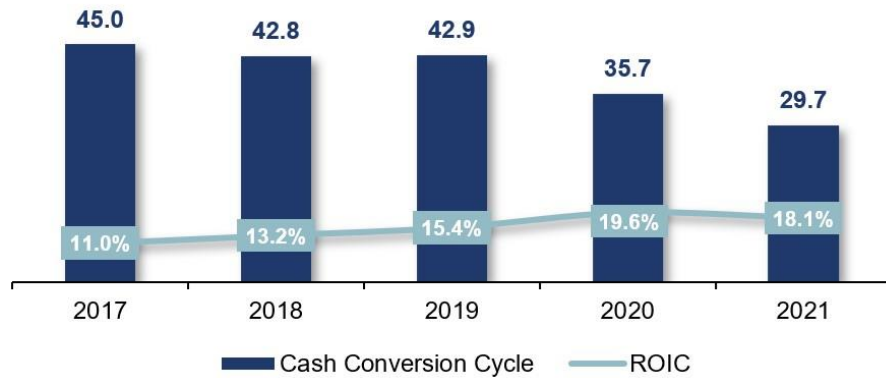
Deep, Wide, & Durable Economic Moat

- 1 **Immense Scale** ~4,200 stores & 150+ facilities
- 2 **R&D Dominance** 2,000+ R&D teams & patents
- 3 **Regulatory Barriers** Laws prohibiting entrants

Strong, Steady, & Reliable Financial Performance

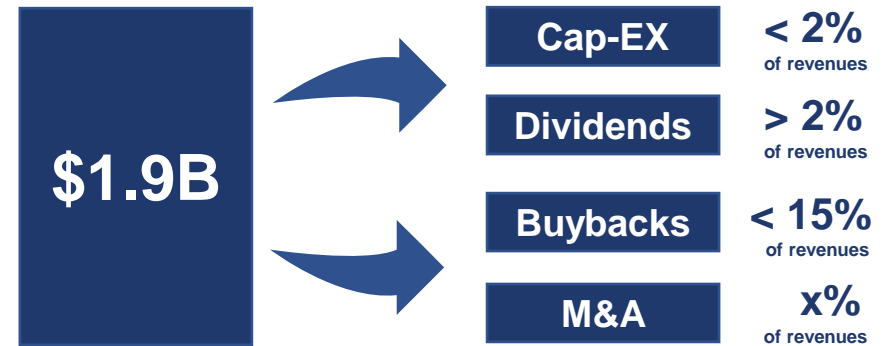
Historically strong financials improving & able to be sustained due to allocation strategy

Improving Cash Collection, & Book ROIC Creation



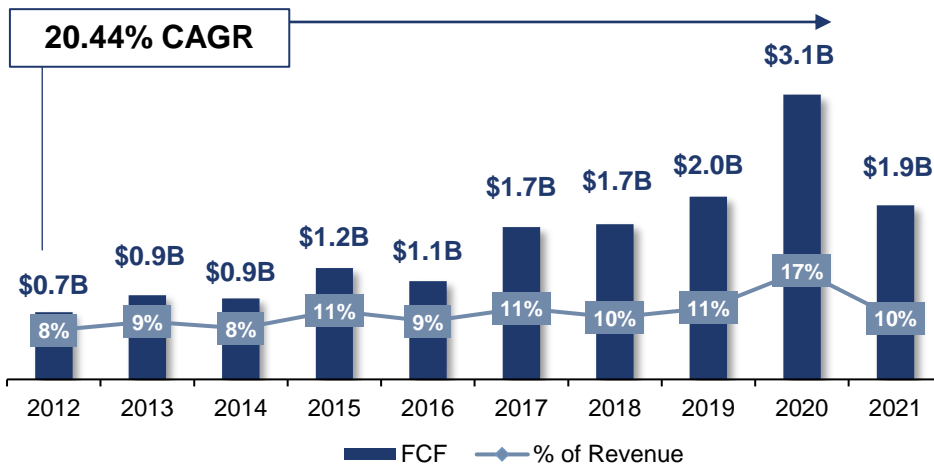
Sustainable ROIC Value Creation, and Cash Flow Efficient

Disciplined Capital Allocation Strategy



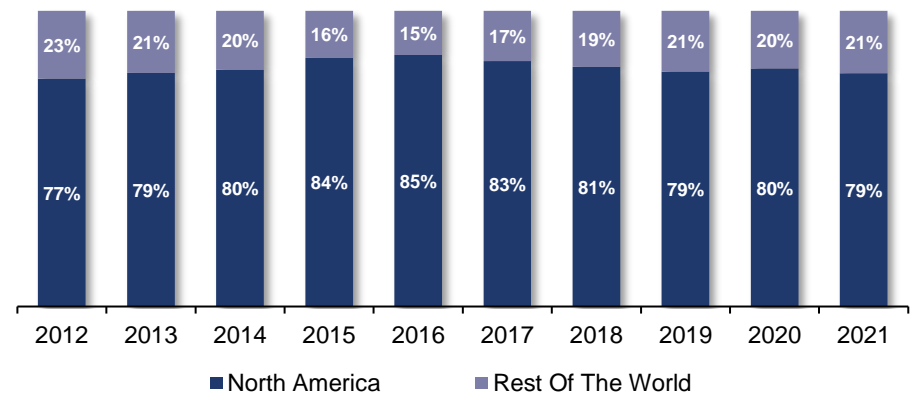
SHW **REFUSES** To Hold Cash; Committed To Value

Historical Free Cash Flow



Targeting Free Cash Flow Margin of **Greater Than 10%**

Historical Geographic Breakdown



Predictable Stream Of Revenues From Geographies



5-Year Share Price Performance

SHW has shown steady appreciation over the past 5 years, with this trend expected to continue

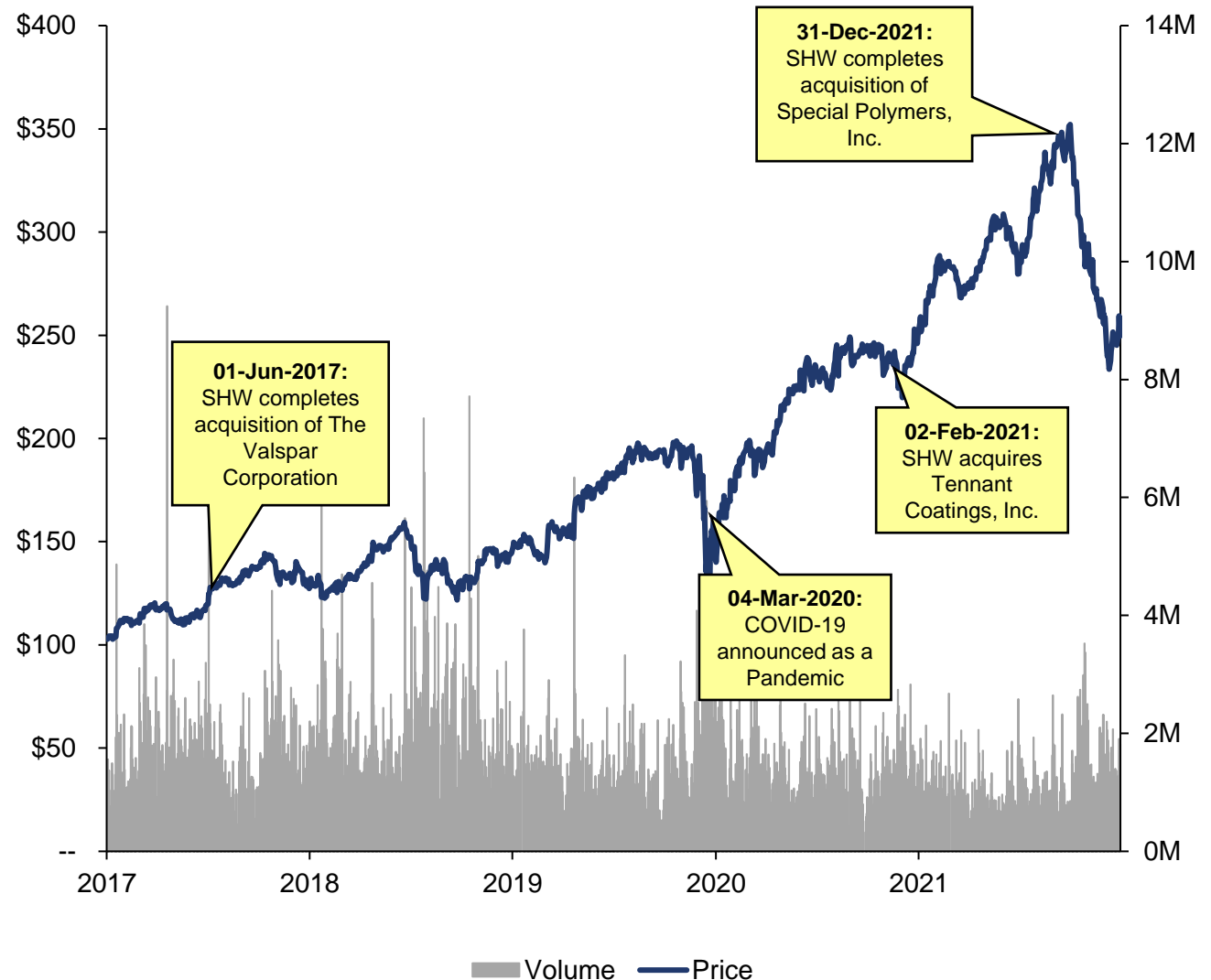
Commentary

- SHW stock has x significant recovery and growth since the drop caused by the pandemic
- SHW has declined ~25% from an all-time high due to a COVID correction as it was a COVID beneficiary

Key Financial Information

Market Cap	\$65.8B
Share Price (April 4)	\$259.04
Price / Earnings	35.3x
2021 Revenues	\$19.9B
5-Year Revenue CAGR	10.2%
ROIC	18.1%

Stock Chart



Industry Overview



Industry Overview

Mature industry with multiple catalysts for continued growth in 3 main segments

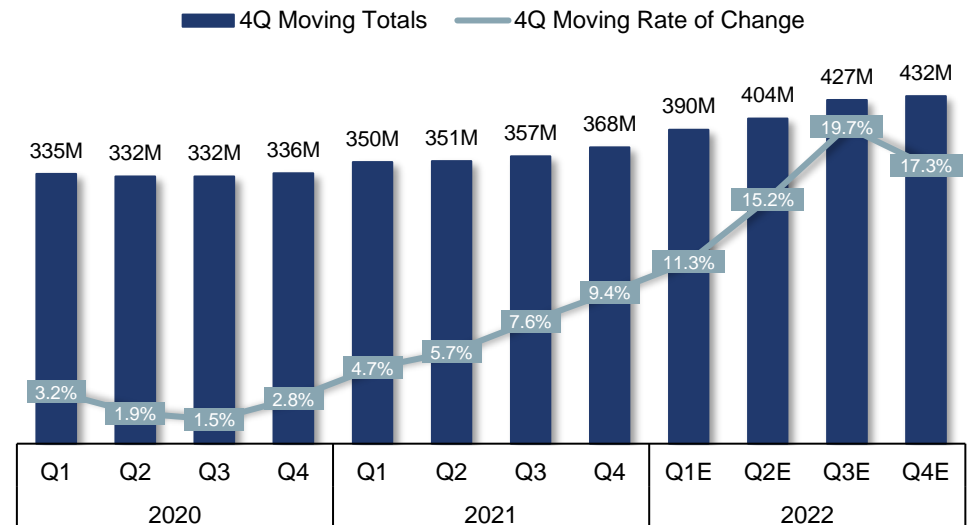
Industry Summary

- The paint manufacturing industry in the US is mature and had industry revenues of over \$29B in 2021 and is expected to grow annually at rate of 0.8%
- **Key Players:** The industry has a few major players that make up most of the market share
 - Sherwin Williams: 20.9%
 - PPG Industries: 18.3%
 - Masco: 5.9%
- **Pandemic Impact:** The reduction of new construction activity reduced the demand for residential, commercial and property management areas. This has since resumed and is recovering to pre-pandemic levels. DIY segments saw immense growth in demand

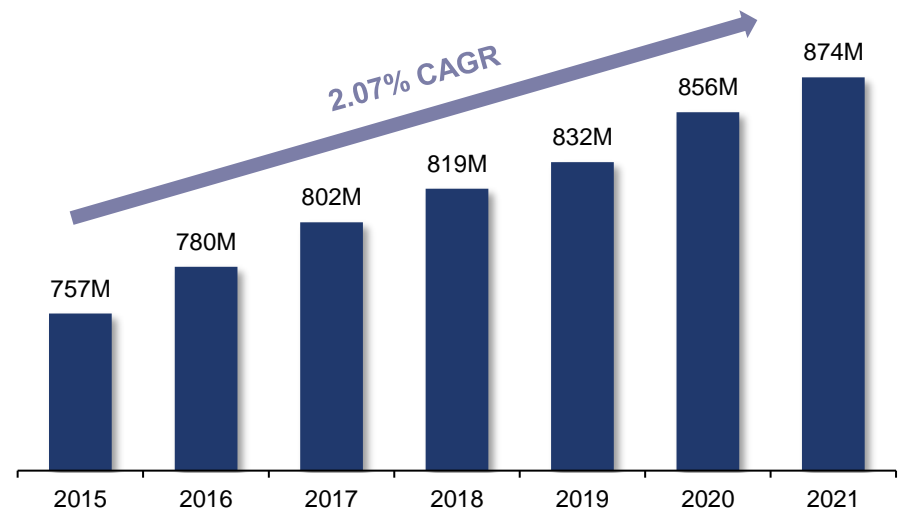
Industry Trends

- **Residential:** Strong starts and bullish customers for new residential projects. Exterior and interior projects are strong. Consumers are becoming increasingly more comfortable with having contracts in their homes again and long-term drivers are favourable
- **Commercial Construction:** Resumption of projects and new projects are gaining momentum
- **Property Management:** Return of activity to hotels, restaurants and other facilities is leading to increasing demand
- **DIY:** Unprecedented growth in this segment last year and this is returning to a more normalized demand level as was seen before the pandemic

US Remodeling Activity



US Architectural Paint Market Demand (Gallons)



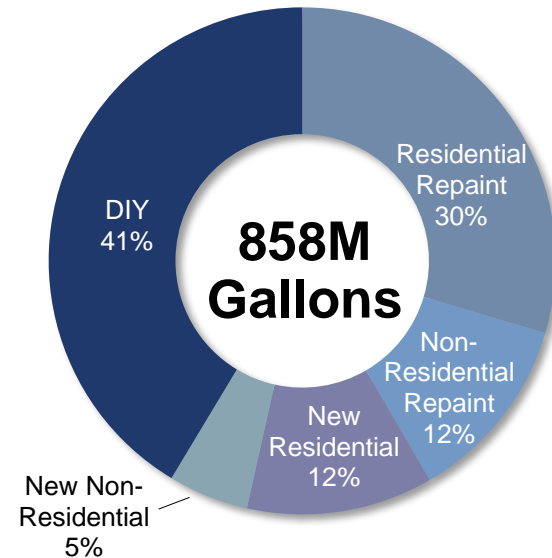
Mature industry with multiple catalysts for continued growth in 3 main segments

Product Segments

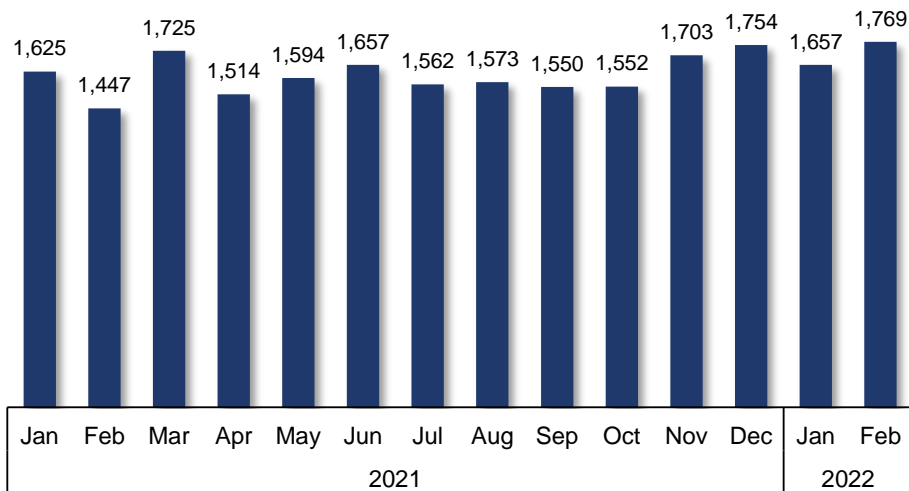
■ Product Segments:

- ❑ **Architectural Coatings** include household paints, exterior solvent-based paints, DIY wood and furniture finishes and accounts for 46% of industry revenues
- ❑ **Industrial Coatings** are formulated coatings, sealants and metal pre-treatments and account for 24% of total industry
- ❑ **Special-Purpose Coatings** refer to industrial maintenance paints, marine paints, automobile paints, roof coatings, etc. and account for 22% of industry revenues

US Architectural Paint Segments (2021)



New Residential Housing Starts (000s)



DIY and Contractor Shift in US & Canada



Paint Contractors

Over the past few decades, consumers have been choosing professional paint services more

DIY/Remodeler

The DIY segment was shrinking, but saw growth in the last two years

Industry Comparable Table

Specialized chemicals manufacturers in the US



EASTMAN



Metrics	Sherwin Williams	Celanese	Axalta	PPG	RPM	Eastman	DuPont
Market Cap	\$77.2B	\$15.5B	\$5.5B	\$30.7B	\$10.6B	\$14.3B	\$39.2B
Manufacturing Facilities	137	25	50	150	145	50	134
Number of Independent Stores	4,770	N/A*	N/A*	600	N/A*	N/A*	N/A*
Revenue CAGR (5Y)	10.96%	9.64%	1.53%	3.32%	4.87%	3.07%	(25.15%)
Inventory Turnover	6.11x	4.68x	4.86x	5.27x	4.22x	5.53x	4.11x
Gross Margin	42.8%	31.4%	32.3%	38.7%	39.3%	23.8%	35.1%

*Products are sold through third-party retailers



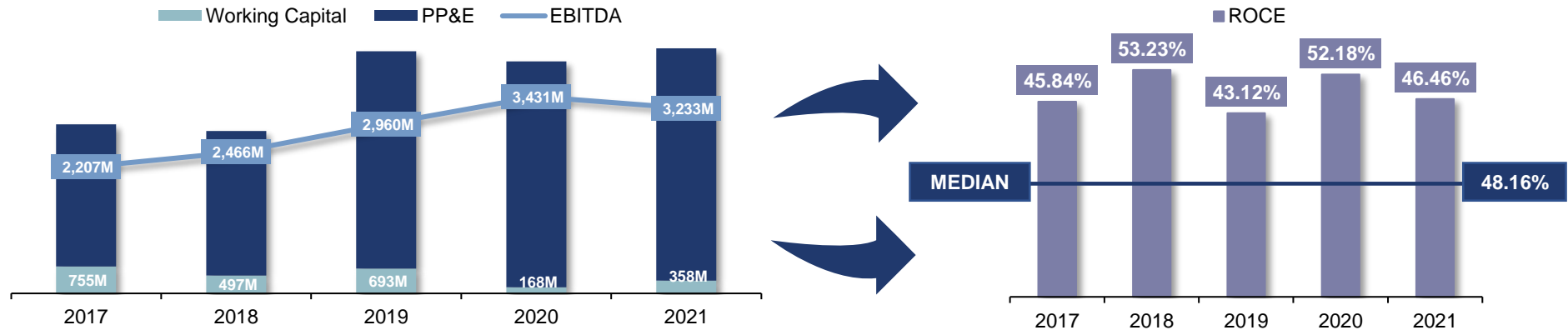
Investment Theses



Investment Thesis: Why Is This a Good Business?

Consistently generated ~0.50¢ in EBITDA per working capital + fixed assets

Superior Capital Deployed (Fixed Assets / PP&E + Working Capital) Strategy In Play



Sherwin-Williams Generates ~1.5x In Value From Fundamental Capital Deployed (Fixed Assets / PP&E + Working Capital)

Significant Pricing Power



Product Differentiation

SHW Paint is much smoother, easier to apply, saves hours in time, and lasts longer. Consumers will pay more for the product. Simply put, customers love Sherwin



Only One Sherwin!

People will keep painting their homes, and industrial companies will still paint their parts 10-20 years from now; Sherwin is the number #1 consumer brand

The Best Brand Equity In The Industry

1

Essential To Retailers

The Sherwin-Williams Brand is famous; not carrying it would be **suicide** for retailers

2

Mental Perception of Dominance

Even if Sherwin-Williams has an off-year in terms of products, consumers **recognize** the brand name

3

Protected By Patents & Laws

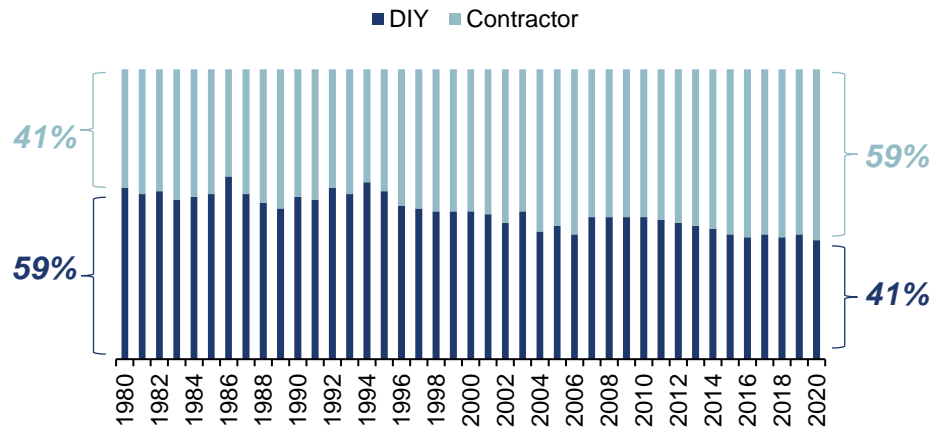
Patent laws allow SHW to **preserve** leadership and reputation because of legal protection



Investment Thesis: Why Is This a Good Business?

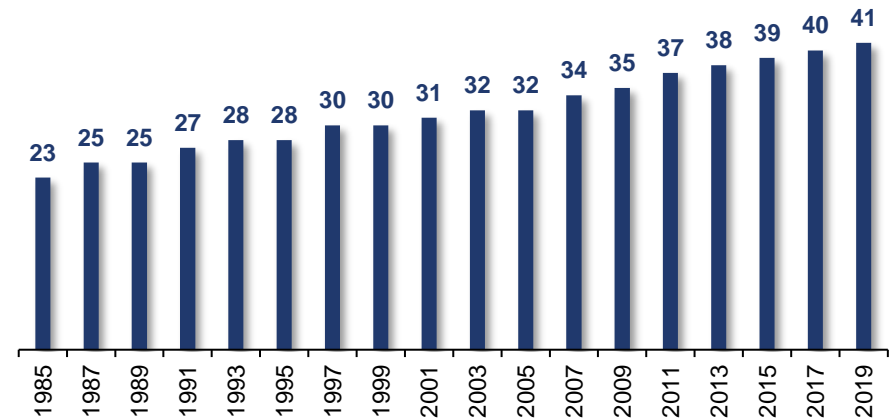
SHW benefits from additional tailwinds on top of having excellent operations

Addressing Changing Consumer Behavior



Contractor's Prefer SHW as It's Specialty Paint

Renovations Continue To Drive Sales

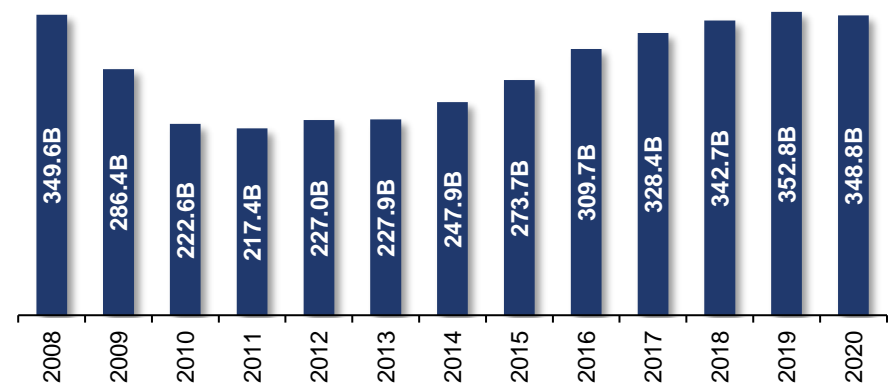


Median Age Of U.S Housing Stock

Industrial Segmentation Growth

- 1 *New residential strength driving flooring, cabinetry and furniture*
- 2 *U.S. and Eurozone Manufacturing PMI at record levels*
- 3 *Customer investments in capacity expansion*
- 4 *Oil and gas maintenance cannot be delayed indefinitely*
- 5 *Infrastructure opportunities*

Commercial Construction Put In Place



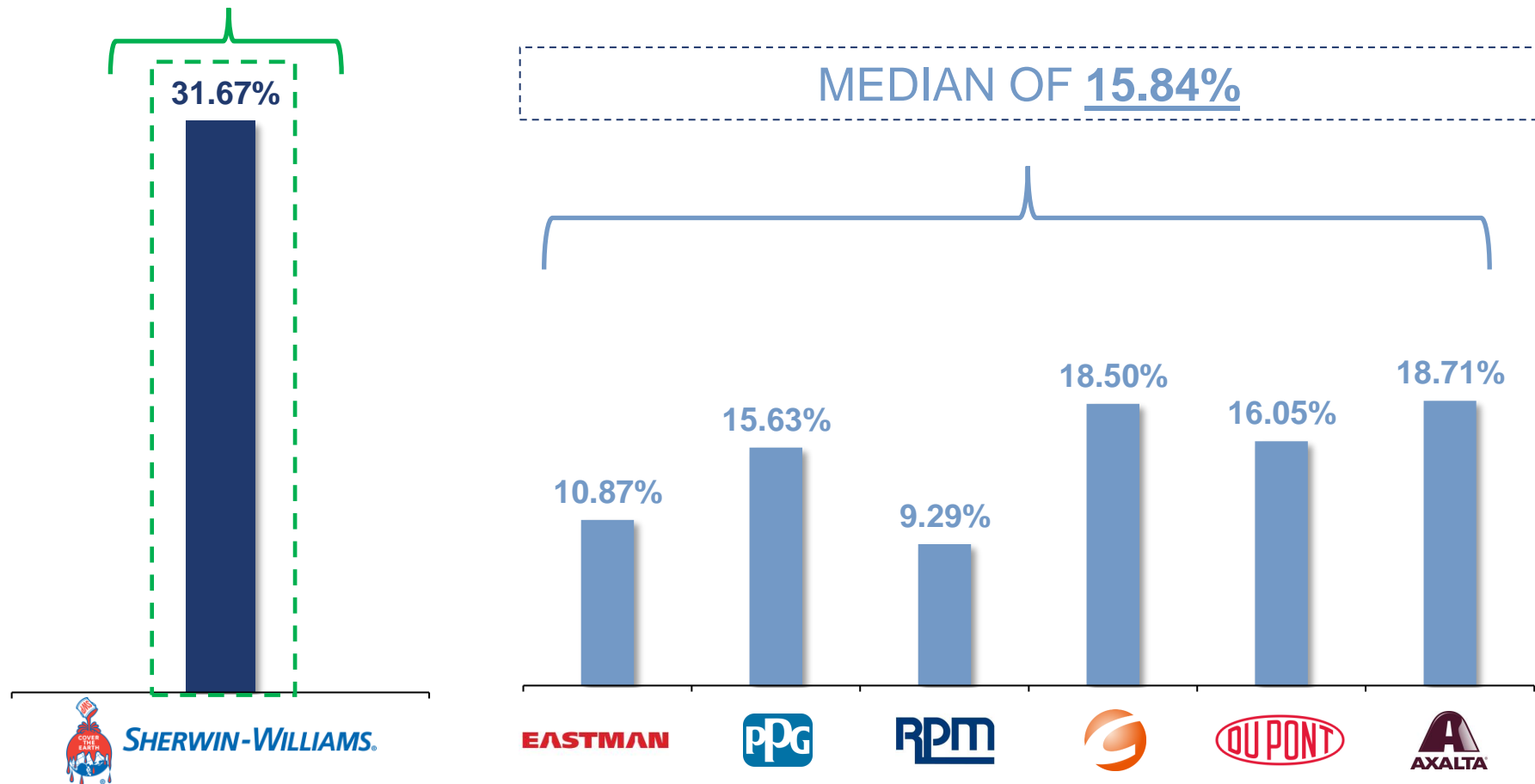
Building Construction & Maintenance Will Help Grow Sales



Investment Thesis: Why Is This a Good Business?

Sherwin-Williams has generated superior economic returns

~100% upside



Sherwin Williams Has, on a CFROI basis, Created ~100% More Value On Core Business Than Competitors

CFROI is calculated as OCF / (Fixed Assets + NWC) To Determine Cash Returns From Operating Activities



Investment Thesis: Why Is This a Good Business?

Expected to continue to do so in the future due to a robust value net

1. Complementor Advantage

- Home Improvement stores compete against each other to secure best brand inventory
- For example, Home Depot having exclusive rights to sell Tesla solar panels scared Lowes

Lowe's to become the exclusive home improvement retailer for Sherwin-Williams' paint products

Sherwin-Williams signs deal with home builder | HBS Dealer

Retailers Need SHW; Allows For Less Commission % On Sales

3. Operation Structure Alongside R&D

Fully-Integrated, Allowing For Differentiation

+22% Gross Margin Spread Over Median Comp.

Stores Everywhere; Expected To Grow +25%

Stores To ~5,000; 90% of Pop. Lives Within 50MI Of Store

Low Cap-Ex Requirement Allows R&D

SHW Plans 1,000,000 Square-Foot New R&D Centre

Operations Expected To Become More Sustainable & Profitable

2. Customer Advantage

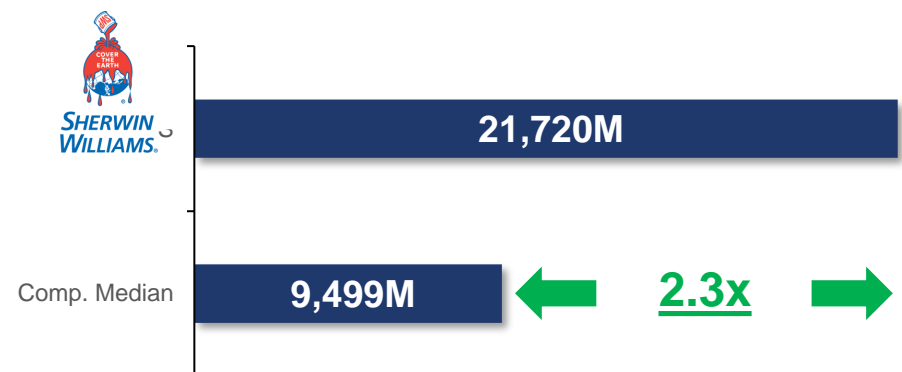
- 1 Preferred to other brands, & Habitual Product Use
- 2 More Contractor Mix Less Price Sensitive Group
- 3 Experienced Good Nature Allows Differentiation

+12% Price Increase → **+11.4% 2022E Revenue Growth**

Can Raise Prices Without Losing Market Share To Competitors

4. Supplier Advantage

2022E Revenues (USD\$M)



Low Supplier Opportunity Cost; SHW Provides Biggest Chunk

Investment Thesis: What Is The Market Missing?

Trading at fair value, international growth underappreciation, and narrative shift

Strongest Returns In Industry

- SHW's ROIC of 18.1% is far higher than its peers' ROIC at 9.1%
- An ROE of 61.7% well above its peers' average of 20.5%
- SHW features one of the stronger balance sheets among its peers, and has focused on returning capital to shareholders
 - The company also has roughly \$2.7 billion in available liquidity. Thus, it has adequate liquidity to meet its short-term debt obligations
- The company has successfully increased its earnings growth rate to ~10–15%+ over the last five years through acquisitions, buybacks, and consistently strong execution

Superior M&A Integration Prowess

- The acquisition of Valspar has enabled Sherwin-Williams to strengthen its position globally extending Sherwin-Williams' brand portfolio and customer relationships in North America
- **Non-US Growth:** In addition to expanding Sherwin-Williams' global platform in Asia-Pacific and Europe, the Middle East and Africa regions
- The company realized benefits worth ≈ \$315 million from synergies in 2019
- Has identified another opportunity of nearly \$100 million, mainly related to the supply-chain optimization efforts in Europe and Asia

Reason SHW Is Down 25%+ YTD

- Negative sentiment in Q1 2022: rising rates & geopolitical risk, and SHW missed first quarter earnings estimates
- Factors contributing to negative market sentiment - bounce back:
 - COVID-related labor issues and raw material prices decreasing, supply chain improvements
- Margins contracted to 15.1% from 21.8% YoY— however with strong pricing power and volumes recovery – set to rebound
- Multi-year pickup in “new construction” due to strong housing demand paired with historically low inventories – provide as a catalyst due to consistent demand for SHW products

Strong Value Creation Through M&A

	Valspar Corp
Transaction Purchase Price	\$11,257.9
Cash	11,257.9
LTM EBIT	583.3
NTM EBIT	1,869.5
NTM Revenue Growth Rate	17.0%
Purchase Multiple	19.3x
Purchase Price / NTM EBIT	6.0x



The Bear Case (What Could Go Wrong?)

ESG risk, niche painter disruption risk, & potential lower post COVID demand

Stringent Environmental Regulations

- The operations of Sherwin-Williams are subject to various stringent environmental regulations in its chemicals operations.
 - REACH is an example of the stringent environmental regulations that affect chemical producers. REACH regulates the products manufactured and marketed in Europe
 - The regulation mandates all companies to develop and submit dossiers containing datasets about their chemical products and detail their potential impact and risk on environment
 - REACH directly applies to over 30,000 different chemical substances that are produced or sold in Europe and its implementation is expected to cost European chemical industry about US\$3 billion
- The company is involved with environmental investigation and remediation activities at some of its currently and formerly owned sites and a number of third-party sites
- Stringent environmental regulations could lead to additional capital expenditure, which would reduce the company's funds available for growth initiatives
- There is also a material risk that much of the demand for paint and paint supplies has been pulled forward to the COVID-19 lockdowns, stagnating revenue growth, with a risk can result in multiple contraction as earnings stagnate as well

Innovative Companies Poses A Threat to SHW

- Disruption within the paints industry has begun, with companies such as Backdrop offering unique personalized painting services such as:
 - Premium quality paints that are Green Wise certified, low-VOC, and low odor. Eco-friendly packaging that is a compostable green cell foam and redesigned metal paint cans that are from recyclable stainless steel
- If SHW fails to adjust to these evolving consumer needs, they will suffer severe value destruction



B Business of Home

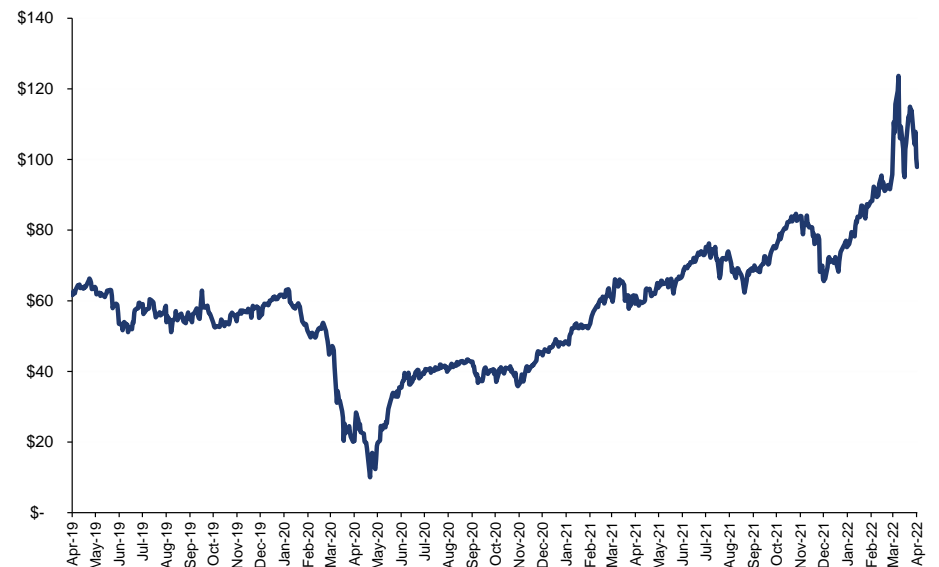
Backdrop wants to reinvent paint from scratch

Whatever the product, there's an entrepreneur looking to cut out middlemen and disrupt it. For husband-and-wife duo Caleb and Natalie Ebel,...

1 month ago



Increasing Crude Oil Prices



Valuation



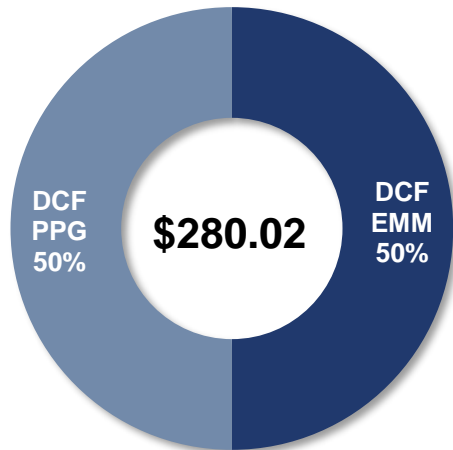
Valuation Summary

Intrinsic and relative valuation

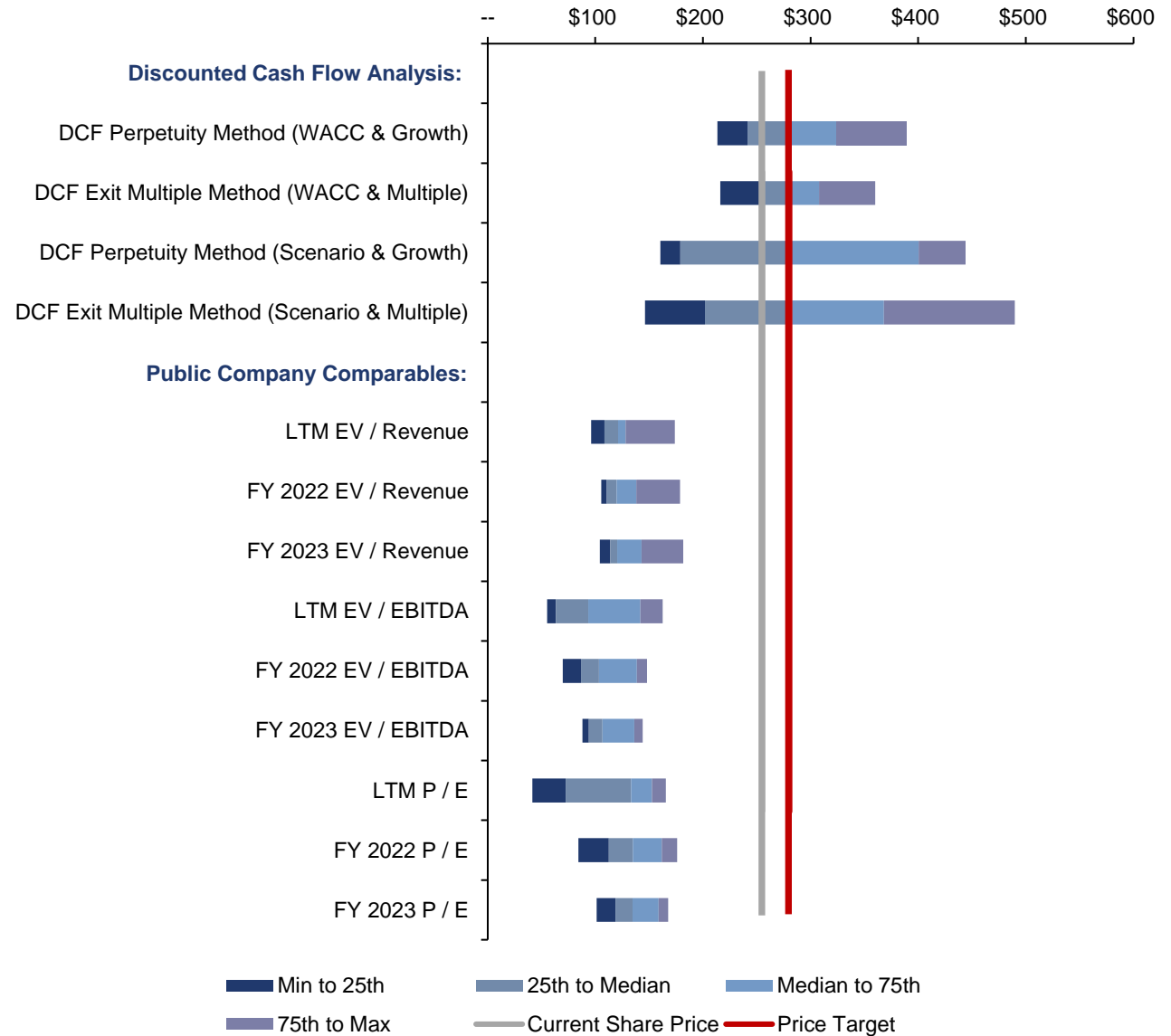
We recommend a **BUY** on **Sherwin-Williams Co** with an implied upside of **~10%**

Results and Weighting

- **Current Price:** \$255.21
- **Target Price:** \$280.00
- **Implied Upside:** ~10%



Football Field Valuation Summary



Comparable Company Analysis

Specialized chemicals manufacturers in North America

Company Name	Equity	Enterprise	EV / Revenue			EV / EBITDA			P / E			Leverage
	Value (\$M)	Value (\$M)	LTM	2022E	2023E	LTM	2022E	2023E	LTM	2022E	2023E	Debt/EBITDA
Celanese Corporation	\$15,536	\$19,542	2.3x	2.3x	2.2x	8.1x	7.9x	8.1x	8.2x	9.2x	9.4x	1.7x
Axalta Coating Systems Ltd.	\$5,470	\$8,637	2.0x	1.8x	1.7x	10.5x	9.5x	8.3x	20.7x	13.3x	10.7x	4.6x
PPG Industries, Inc.	\$30,655	\$37,070	2.2x	2.0x	1.9x	15.9x	13.1x	11.2x	21.3x	17.6x	14.6x	2.9x
RPM International Inc.	\$10,582	\$13,120	2.1x	1.9x	1.8x	16.7x	13.3x	11.4x	23.3x	18.8x	15.3x	3.1x
Eastman Chemical Company	\$14,304	\$19,279	1.8x	1.9x	1.8x	8.0x	8.9x	8.5x	16.7x	11.6x	11.1x	2.1x
DuPont de Nemours, Inc.	\$39,206	\$49,069	2.9x	2.8x	2.7x	12.0x	11.1x	10.1x	6.1x	16.0x	14.1x	2.7x
Median	\$14,920	\$19,410	2.1x	2.0x	1.9x	11.2x	10.3x	9.3x	18.7x	14.7x	12.6x	2.8x
Average	\$19,292	\$24,453	2.2x	2.1x	2.0x	11.9x	10.6x	9.6x	16.1x	14.4x	12.5x	2.8x

The Sherwin-Williams Company	\$65,853	\$77,183	3.9x	3.6x	3.4x	23.9x	20.4x	17.9x	35.3x	26.8x	22.9x	3.0x
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Company Name	Revenue Growth		EBITDA Growth		Net Income Growth		EBITDA Margin			Return Metrics (LTM)		
	2022E	2023E	2022E	2023E	2022E	2023E	LTM	2022E	2023E	ROC	ROA	ROE
Celanese Corporation	0.8%	1.9%	1.8%	(2.3%)	(10.4%)	(2.7%)	28.3%	28.6%	27.4%	15.3%	11.2%	45.5%
Axalta Coating Systems Ltd.	9.4%	6.6%	9.9%	14.7%	55.7%	24.6%	18.7%	18.7%	20.2%	5.8%	4.4%	17.5%
PPG Industries, Inc.	9.8%	5.6%	21.8%	17.0%	21.0%	20.7%	13.9%	15.4%	17.1%	8.4%	5.4%	23.6%
RPM International Inc.	9.9%	4.8%	25.6%	16.1%	23.8%	22.9%	12.5%	14.3%	15.8%	9.2%	6.6%	26.8%
Eastman Chemical Company	(0.7%)	2.8%	(9.7%)	4.1%	43.5%	4.8%	23.0%	20.9%	21.1%	10.1%	7.4%	14.6%
DuPont de Nemours, Inc.	6.4%	4.2%	7.7%	10.1%	(62.1%)	13.5%	24.6%	24.9%	26.3%	3.6%	2.9%	5.5%
Median	7.9%	4.5%	8.8%	12.4%	22.4%	17.1%	20.8%	19.8%	20.7%	8.8%	6.0%	20.5%
Average	5.9%	4.3%	9.5%	9.9%	11.9%	14.0%	20.2%	20.5%	21.3%	8.7%	6.3%	22.2%
The Sherwin-Williams Company	8.9%	5.6%	17.1%	13.7%	31.8%	17.0%	16.2%	17.4%	18.8%	12.0%	8.1%	61.7%

Commentary

- Peers were chosen based on comparable businesses, and similar end-markets
- SHW is trading at a premium to its peers for a good reason:
 - ~3x ROE compared to peers
 - Faster growth for Revenues, EBITDA as well as Net Income
 - Higher than industry median for all return metrics (ROC and ROA)



Discounted Cash Flow Analysis

Intrinsic Valuation – Base Case

Discounted Cash Flow Analysis (In \$ Millions)	Projections												
	2019A	2020A	2021A	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Total Revenue	17,900.8	18,360.9	19,694.6	22,022.1	23,815.9	25,608.3	27,438.5	29,262.4	30,931.6	32,579.1	34,113.0	35,510.7	36,745.8
Cost of Goods Sold	9,864.7	9,679.1	11,401.9	12,179.2	13,171.3	13,726.0	14,604.3	15,575.1	16,362.8	17,201.7	18,011.7	18,749.7	19,401.8
Gross Profit	8,036.1	8,681.8	8,292.7	9,842.8	10,644.6	11,882.2	12,834.2	13,687.4	14,568.8	15,377.3	16,101.3	16,761.1	17,344.0
Total Other Operating Expenses	5,651.1	5,833.3	5,882.4	6,787.0	7,339.9	7,892.3	8,456.3	9,018.4	9,532.9	10,040.6	10,513.3	10,944.1	11,324.8
Operating Income	2,385.0	2,848.5	2,410.3	3,055.8	3,304.7	3,990.0	4,377.9	4,668.9	5,035.9	5,336.7	5,588.0	5,817.0	6,019.3
Income Tax	440.5	488.8	384.2	794.5	859.2	1,037.4	1,138.3	1,213.9	1,309.3	1,387.5	1,452.9	1,512.4	1,565.0
NOPAT	1,944.5	2,359.7	2,026.1	2,261.3	2,445.5	2,952.6	3,239.7	3,455.0	3,726.6	3,949.2	4,135.1	4,304.5	4,454.3
Add: Depreciation and Amortization	312.8	313.4	309.5	379.1	410.0	440.9	472.4	503.8	532.5	560.9	587.3	611.3	632.6
Less: Capital Expenditures	328.9	303.8	372.0	411.4	444.9	478.4	512.6	546.7	577.8	608.6	637.3	663.4	686.5
Add / (Less): Change in Net Working Capital	(443.1)	(632.7)	(389.7)	110.1	119.1	128.1	137.2	146.4	154.7	163.0	170.6	177.6	183.8
Unlevered Free Cash Flow	1,485.3	1,736.6	1,573.9	2,339.2	2,529.7	3,043.1	3,336.7	3,558.5	3,836.0	4,064.4	4,255.7	4,430.1	4,584.2
Discount Factor				0.96x	0.89x	0.82x	0.76x	0.71x	0.65x	0.61x	0.56x	0.52x	0.48x
PV of Unlevered Free Cash Flow				2,250.9	2,253.9	2,510.5	2,548.8	2,516.8	2,512.1	2,464.6	2,389.4	2,303.1	2,206.7

Perpetuity Growth Method		Exit Multiple Method	
Cumulative PV of UFCF	30,169.7	Cumulative PV of UFCF	30,169.7
% of Enterprise Value	35.4%	% of Enterprise Value	34.7%
Terminal Value		Terminal Value	
Final Year UFCF	5,729.0	Final Year EBITDA	6,634.6
Perpetuity Growth Rate	3.0%	Exit EBITDA Multiple	17.8x
Terminal Value	114,580.5	Terminal Value	117,763.5
PV of Terminal Value	55,155.0	PV of Terminal Value	56,687.2
% of Enterprise Value	64.6%	% of Enterprise Value	65.3%
Total Enterprise Value	85,324.7	Total Enterprise Value	86,856.9
Plus: Cash	165.7	Plus: Cash	165.7
Less: Total Debt	(11,495.4)	Less: Total Debt	(11,495.4)
Total Equity Value	73,995.0	Total Equity Value	75,527.2
Diluted Shares Outstanding	267.0	Diluted Shares Outstanding	267.0
Implied Share Price	\$277.13	Implied Share Price	\$282.87
Current Share Price	\$255.21	Current Share Price	\$255.21
Implied Margin of Safety	8.6%	Implied Margin of Safety	10.8%

Commentary

- Majority of growth realized in the first 5 years due to tailwinds in all end-markets before growths start to stabilize from 2027-2031
- Growth rate into perpetuity taken as 3% as the products and services offered by SHW has an evergreen demand
- Expansion due to ability to raise prices to compensate for contracted margins in 2021
- Exit EBITDA Multiple taken as the trailing average of last 5 years
- WACC of 8% used for comparability across YUSIF potential investments



Discounted Cash Flow Sensitivity Analysis

Implied share price sensitivity

Base Case Sensitivities

		Perpetuity Growth Rate				
		2.6%	2.8%	3.0%	3.2%	3.4%
Discount Rate	7.0%	\$332.36	\$344.57	\$358.00	\$372.85	\$389.34
	7.5%	\$293.49	\$302.86	\$313.07	\$324.23	\$336.47
	8.0%	\$261.83	\$269.19	\$277.13	\$285.74	\$295.10
	8.5%	\$235.56	\$241.44	\$247.75	\$254.53	\$261.84
	9.0%	\$213.41	\$218.18	\$223.27	\$228.71	\$234.54

		Exit EBITDA Multiple				
		13.8x	15.8x	17.8x	19.8x	21.8x
Discount Rate	7.0%	\$255.59	\$281.72	\$307.86	\$333.99	\$360.12
	7.5%	\$245.08	\$270.08	\$295.08	\$320.08	\$345.08
	8.0%	\$235.03	\$258.95	\$282.87	\$306.80	\$330.72
	8.5%	\$225.42	\$248.32	\$271.21	\$294.11	\$317.00
	9.0%	\$216.24	\$238.15	\$260.07	\$281.99	\$303.90

		Perpetuity Growth Rate				
		2.6%	2.8%	3.0%	3.2%	3.4%
Discount Rate	7.0%	30.2%	35.0%	40.3%	46.1%	52.6%
	7.5%	15.0%	18.7%	22.7%	27.0%	31.8%
	8.0%	2.6%	5.5%	8.6%	12.0%	15.6%
	8.5%	(7.7%)	(5.4%)	(2.9%)	(0.3%)	2.6%
	9.0%	(16.4%)	(14.5%)	(12.5%)	(10.4%)	(8.1%)

		Exit EBITDA Multiple				
		13.8x	15.8x	17.8x	19.8x	21.8x
Discount Rate	7.0%	0.1%	10.4%	20.6%	30.9%	41.1%
	7.5%	(4.0%)	5.8%	15.6%	25.4%	35.2%
	8.0%	(7.9%)	1.5%	10.8%	20.2%	29.6%
	8.5%	(11.7%)	(2.7%)	6.3%	15.2%	24.2%
	9.0%	(15.3%)	(6.7%)	1.9%	10.5%	19.1%

Scenario Based Sensitivities

		Perpetuity Growth Rate				
		2.6%	2.8%	3.0%	3.2%	3.4%
Scenario	Bull Case	\$394.87	\$405.76	\$417.52	\$430.26	\$444.11
	Base Case	\$261.83	\$269.19	\$277.13	\$285.74	\$295.10
	Bear Case	\$160.53	\$165.28	\$170.41	\$175.97	\$182.01

		Exit EBITDA Multiple				
		13.8x	15.8x	17.8x	19.8x	21.8x
Scenario	Bull Case	\$350.70	\$385.45	\$420.21	\$454.97	\$489.73
	Base Case	\$235.03	\$258.95	\$282.87	\$306.80	\$330.72
	Bear Case	\$146.15	\$162.03	\$177.91	\$193.79	\$209.67

		Perpetuity Growth Rate				
		2.6%	2.8%	3.0%	3.2%	3.4%
Scenario	Bull Case	54.7%	59.0%	63.6%	68.6%	74.0%
	Base Case	2.6%	5.5%	8.6%	12.0%	15.6%
	Bear Case	(37.1%)	(35.2%)	(33.2%)	(31.0%)	(28.7%)

		Exit EBITDA Multiple				
		13.8x	15.8x	17.8x	19.8x	21.8x
Scenario	Bull Case	37.4%	51.0%	64.7%	78.3%	91.9%
	Base Case	(7.9%)	1.5%	10.8%	20.2%	29.6%
	Bear Case	(42.7%)	(36.5%)	(30.3%)	(24.1%)	(17.8%)



Conclusion: Wonderful Business At A Fair Price

Sherwin-Williams will continue to deliver & compound superior economic returns

Why Is This a Good Business?

- Generates **~0.50¢ Incremental EBITDA** per core business dollar investment
- Created **~DOUBLE** the value than peers (~32% vs. ~16%)
- Will continue to **Create Value** due to **Robust Value Net** (Complementor Advantage, Consumer Advantage, Operating Structure & R&D, & Supplier Advantage)

What Is The Market Missing?

- SHW's ROIC of **18.1%** is far higher than its peers' ROIC at **9.1%**; Market underestimates ROIC going forward given COVID pull-forward, however SHW will continue to generate high ROIC
- An ROE of **61.7%** well above its peers' average of **20.5%**
- Sherwin-Williams superior future M&A capabilities, as shown with the successful acquisition of Valspar

Key Value Net Creation Drivers

Retailers NEED Sherwin-Williams

Consumers NEED Sherwin-Williams

Suppliers NEED Sherwin-Williams

Summary of Investment Considerations

- The Sherwin-Williams company is the largest (30.1B larger than 2nd largest company) with a ~20% industry market share
- Competitive advantage of having a better specialized paint product for consumers forces retailers to do their best to get cans of SHW into their store, and given product durability and quality verses the industry, consumers love it, and will be willing to pay more for the product. Sherwin-Williams also has significant supplier power as they are the largest in the industry, allowing them to negotiate favorable terms given massive supplier opportunity cost
- Competitive advantages allows Sherwin-Williams to earn **1.5x in incremental EBITDA** on their fixed assets + working capital commitments
- Competitive advantages permit sustained creation of superior economic returns, as seen with a **CFROI of ~32%**; ~2x larger than peer group

*We Recommend A **Buy** Rating On The Sherwin-Williams Corporation*



Appendix



Appendix

- Management Profiles
- Leader Across All Segments
- Historical Industry EBITDA Multiples
- Brand Portfolio
- North America Store Presence
- US GDP Growth & SHW Revenue Growth
- Margin Analysis
- R&D Superiority
- Capital Allocation Criteria
- M&A Activity
- Shareholder Value
- Key Ownership Breakdown
- Environmental Footprint Implementation
- Porter's 5 Forces
- Industry Profit Pool Analysis
- Operating Ratio Comparison
- ROE Analysis Breakdown
- DCF Analysis & Assumptions



Management Profiles

Reputable corporate leadership with storied careers in the industry

Chairman, President & CEO

John G. Morkis



- Mr. Morkis began his career in 1984 as a Sherwin-Williams Management Trainee and is the first member of this program to become CEO.
- He became Chairman of the Board in January 2017 and President and Chief Executive Officer (CEO) in January 2016.
- During his more than 30 years at the Company, Mr. Morkis has held positions of increasing responsibility including President and General Manager of the Paint Stores Group and President and Chief Operating Officer

President & Chief Operating Officer

Heidi G. Petz



- Ms. Heidi G. Petz has been the President and Chief Operating Officer of The Sherwin-Williams Company since March 1, 2022
- She is responsible for all Sherwin-Williams operating segments, which includes The Americas Group, the Performance Coatings Group and the Consumer Brands Group, as well as the Global Supply Chain organization, Procurement and the Enterprise Selling function.

Senior Vice President – Finance and CFO

Allen J. Mistysyn



- Mr. Allen J. Mistysyn, has been the Chief Financial Officer of The Sherwin-Williams Company since January 1, 2017, and has been its Senior Vice President of Finance since October 2016.
- Over his 30-year career span, Allen has held a variety of operational and corporate finance leadership positions.
- Mr. Mistysyn served in various roles in our Paint Stores Group and Product Finishes Division.

Senior VP – Investor Relations & Corporate Comm.

James R. Jaye

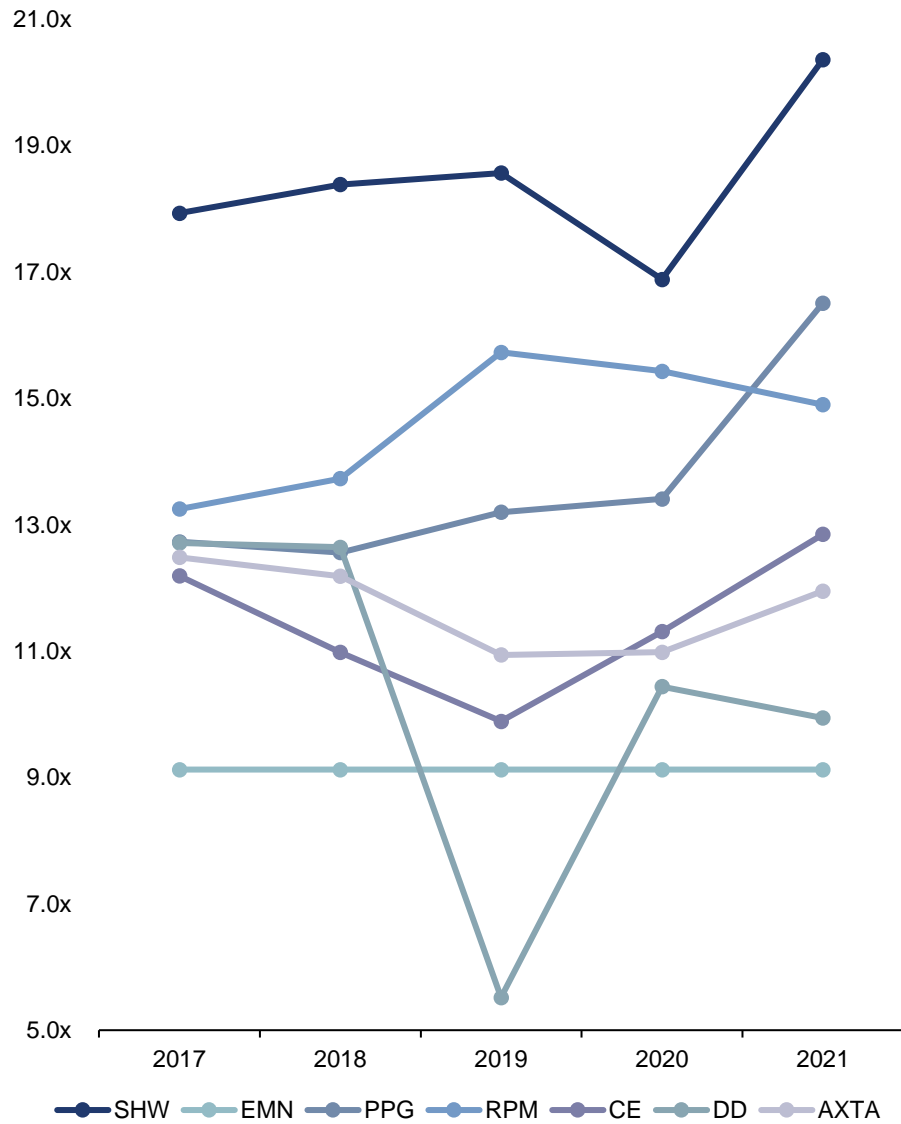


- Mr. James R. Jaye, also known as Jim, is Senior Vice President of Investor Relations & Corporate Communications at SHW since June 2019
- In this role, he is responsible for leading the Company's strategic communications function and ensuring engagement across multiple stakeholder groups.
- Prior to joining Sherwin Williams in 2017, Mr. Jaye was Senior Director of Corporate Communications and Investor Relations for Nordson Corporation

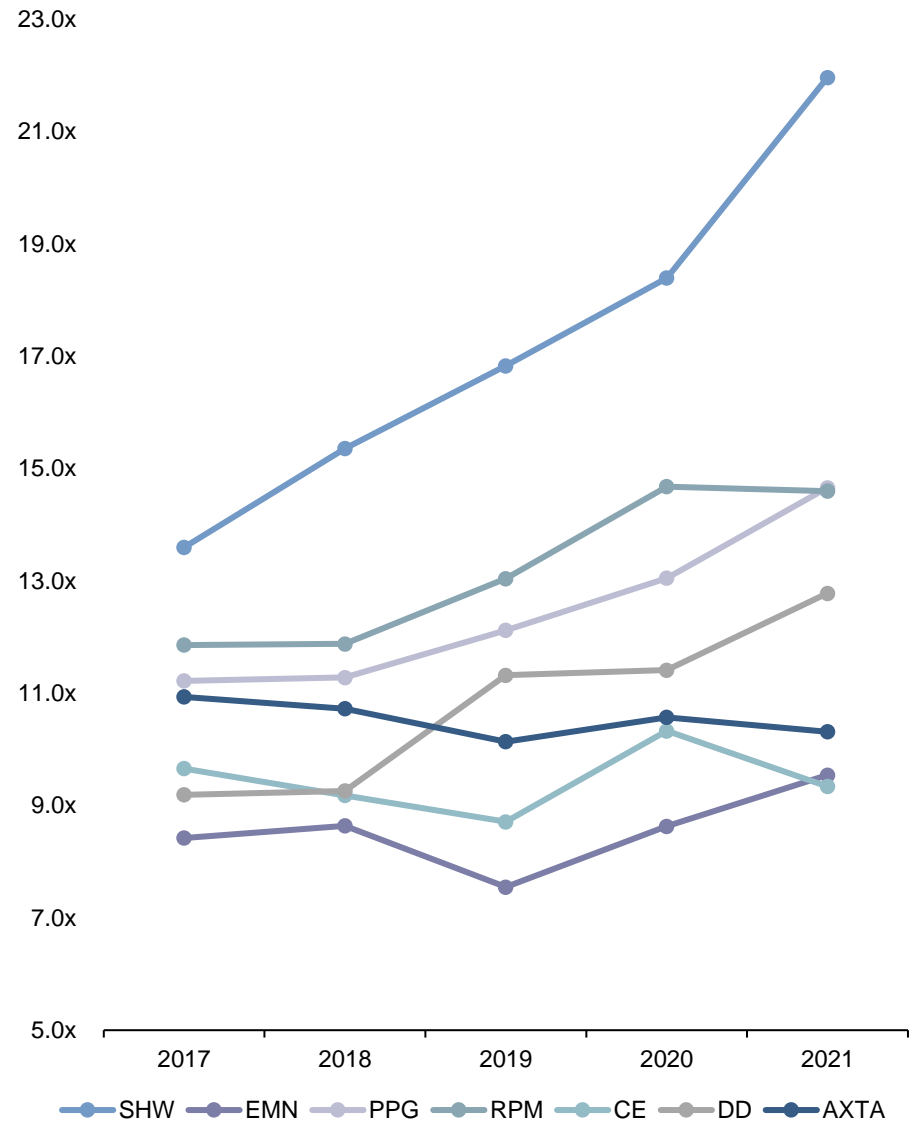
Historical Industry EBTIDA Multiples

SHW has consistently traded above peers on a LTM & NTM EV/EBITDA basis

LTM EV/EBITDA Multiples



NTM EV/EBITDA Multiples



Source(s): Bloomberg



Leader Across ALL 3 Segments

Top choice for consumers

Wide Array Of Customers



The Americas

1

16 of Top 20 Property Managers

15 of Top 20 Homebuilders

2

Can Comfortably Add Up To 5,500
U.S Stores Before Risk of Saturation

The U.S Market Is Structurally WELL-ALIGNED

The Consumer Brands Group

1

Aligned with the right retail partners

2

Retailers Seeking To Differentiate
Want Best of The Best Offerings

The Consumer Brands Group Is Both Sturdy, & Growing

The Performance Coatings Group

1

Capitalizing On Economic Recovery

2

Leverage Global Blending Facilities

Leader In Growing Tail-Wind Rich Performance Coatings Group



Brand Portfolio

Industry-leading portfolio of brands



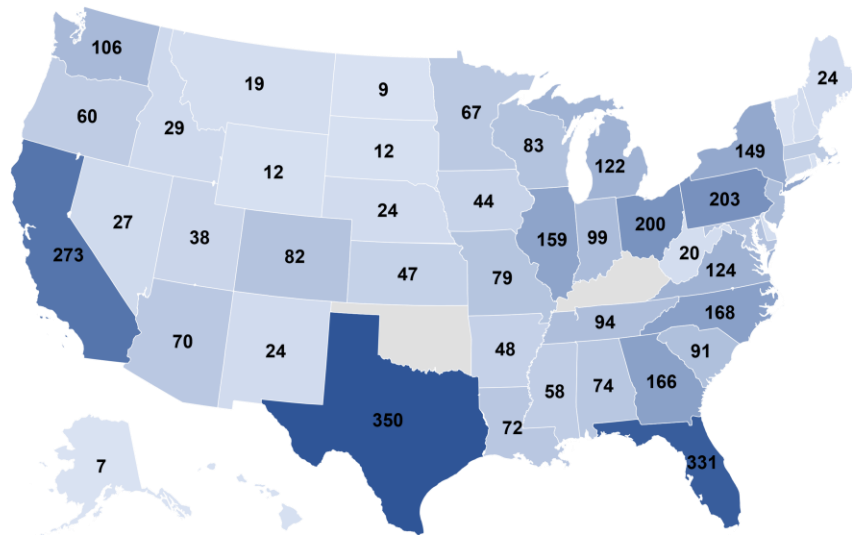
North America Store Presence

Very recognized brand name across North America

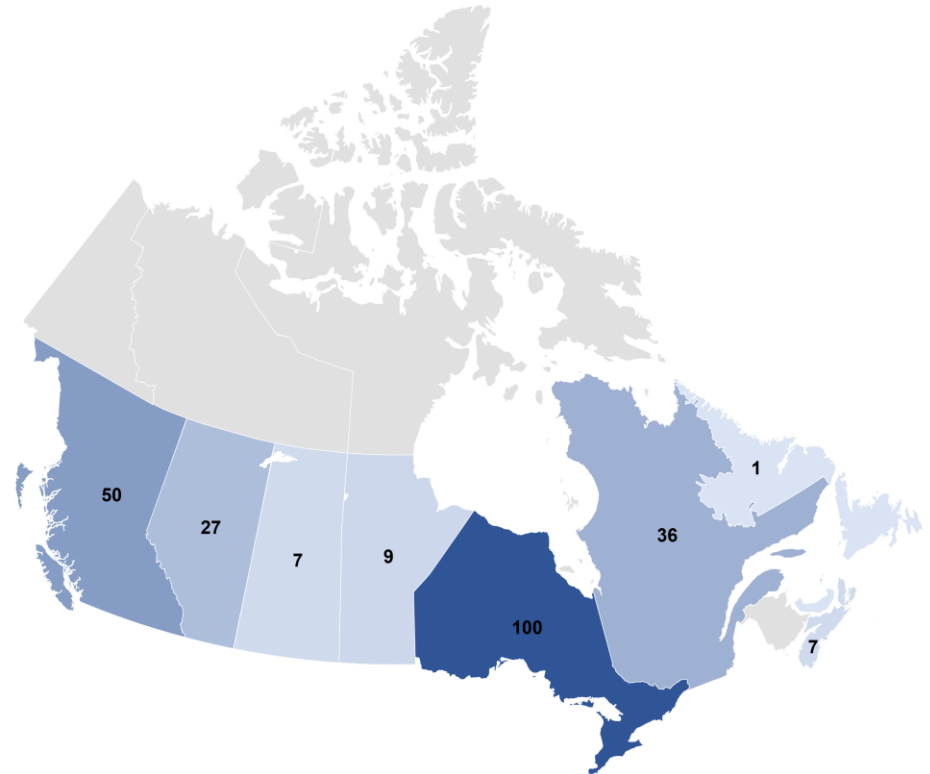
United States of America

Canada

~80 New Stores Opened in 2021



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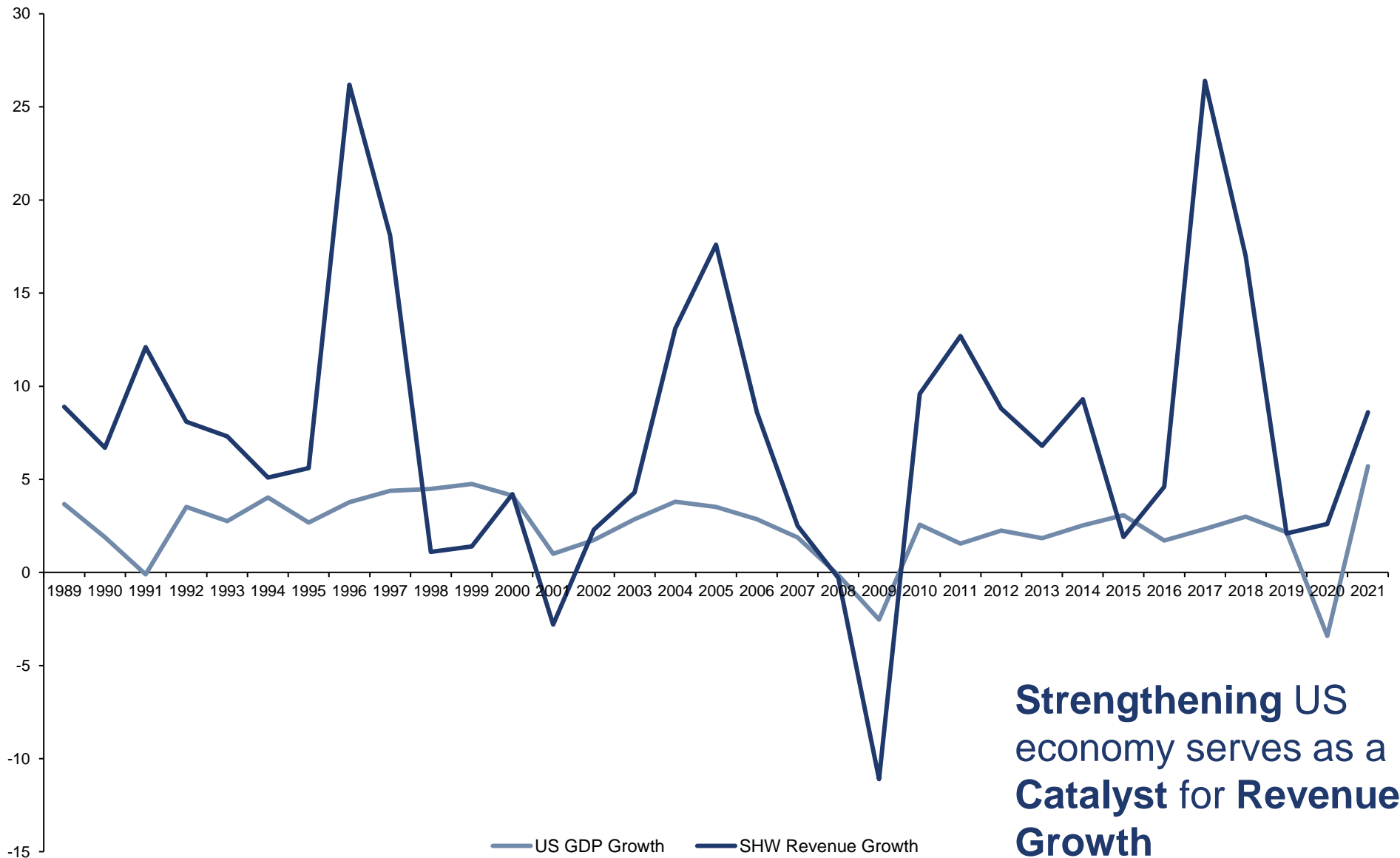
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Over 4,500 Stores Across North America!



US GDP Growth & SHW Revenue Growth

Strong correlation with US GDP since inception in 1988

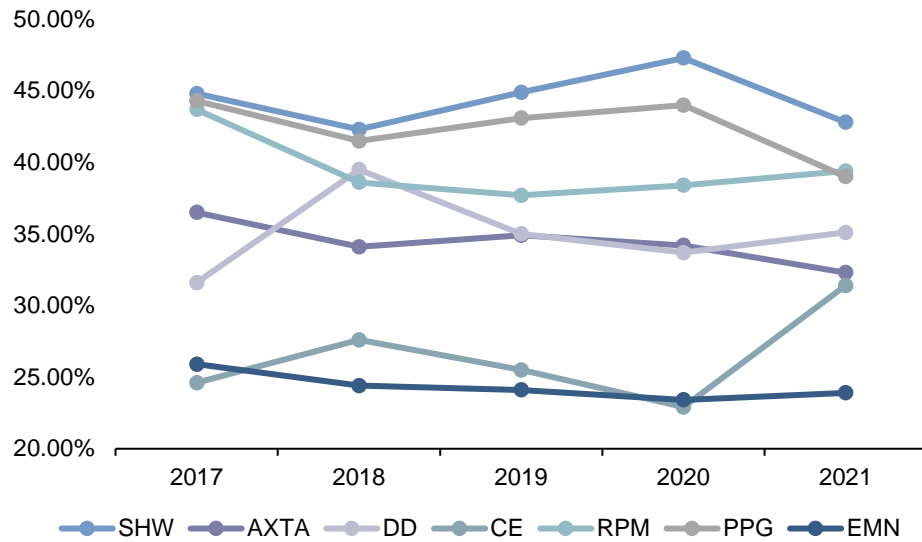


**Strengthening US
economy serves as a
Catalyst for Revenue
Growth**

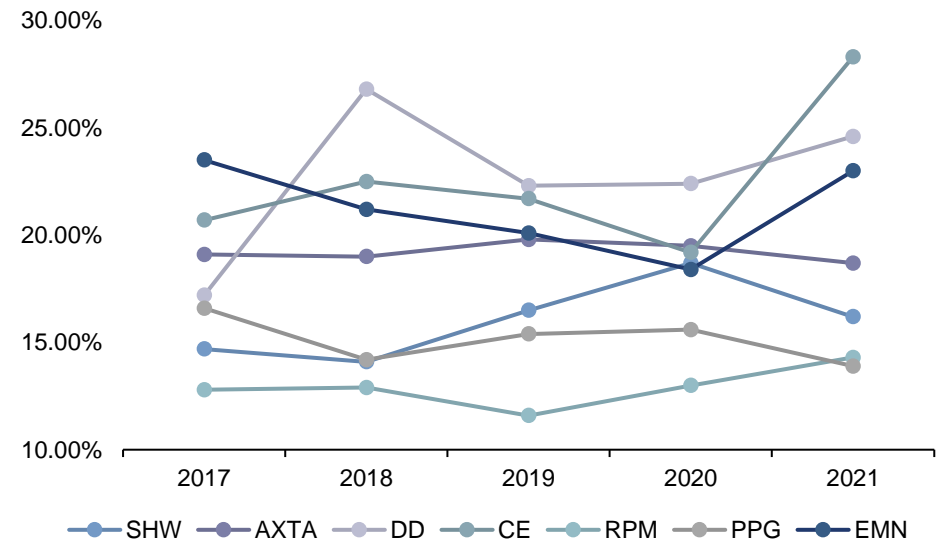
Margin Analysis

SHW has a superior margin than industry medians

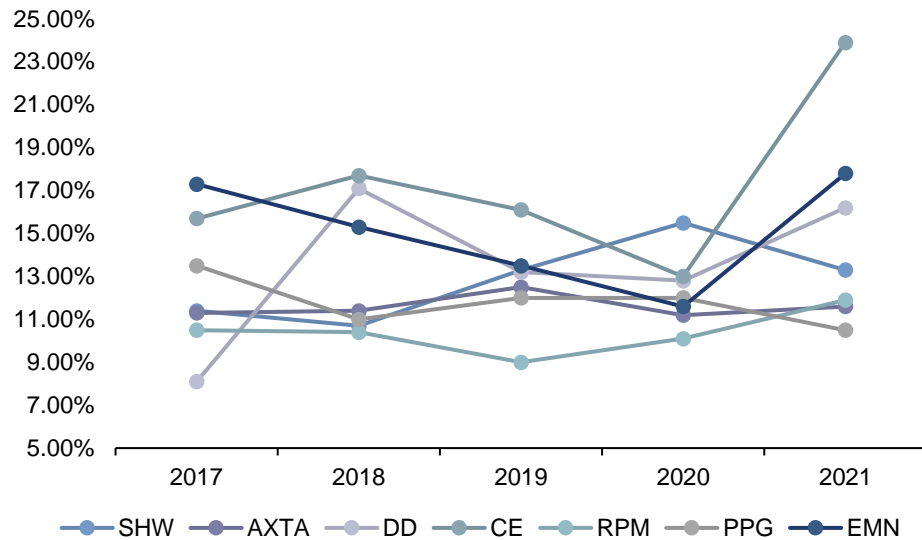
Gross Margin



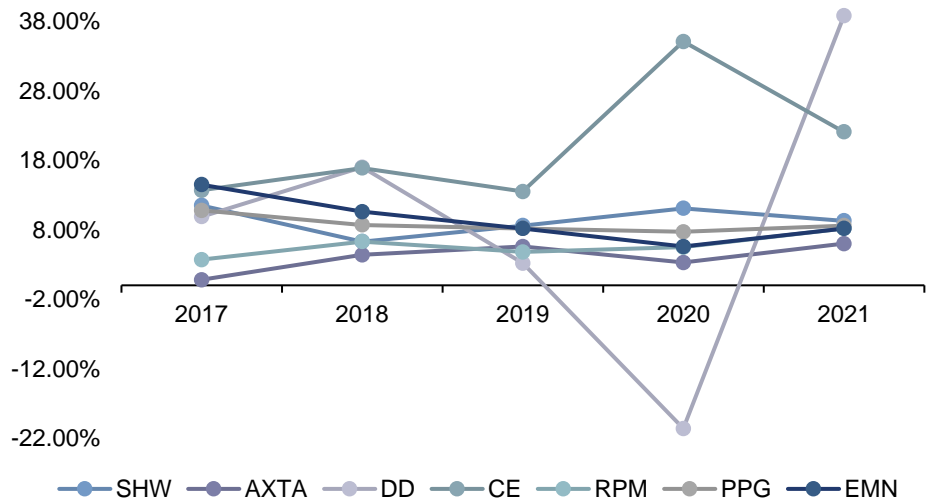
EBITDA Margin



EBIT Margin



Net Income Margin

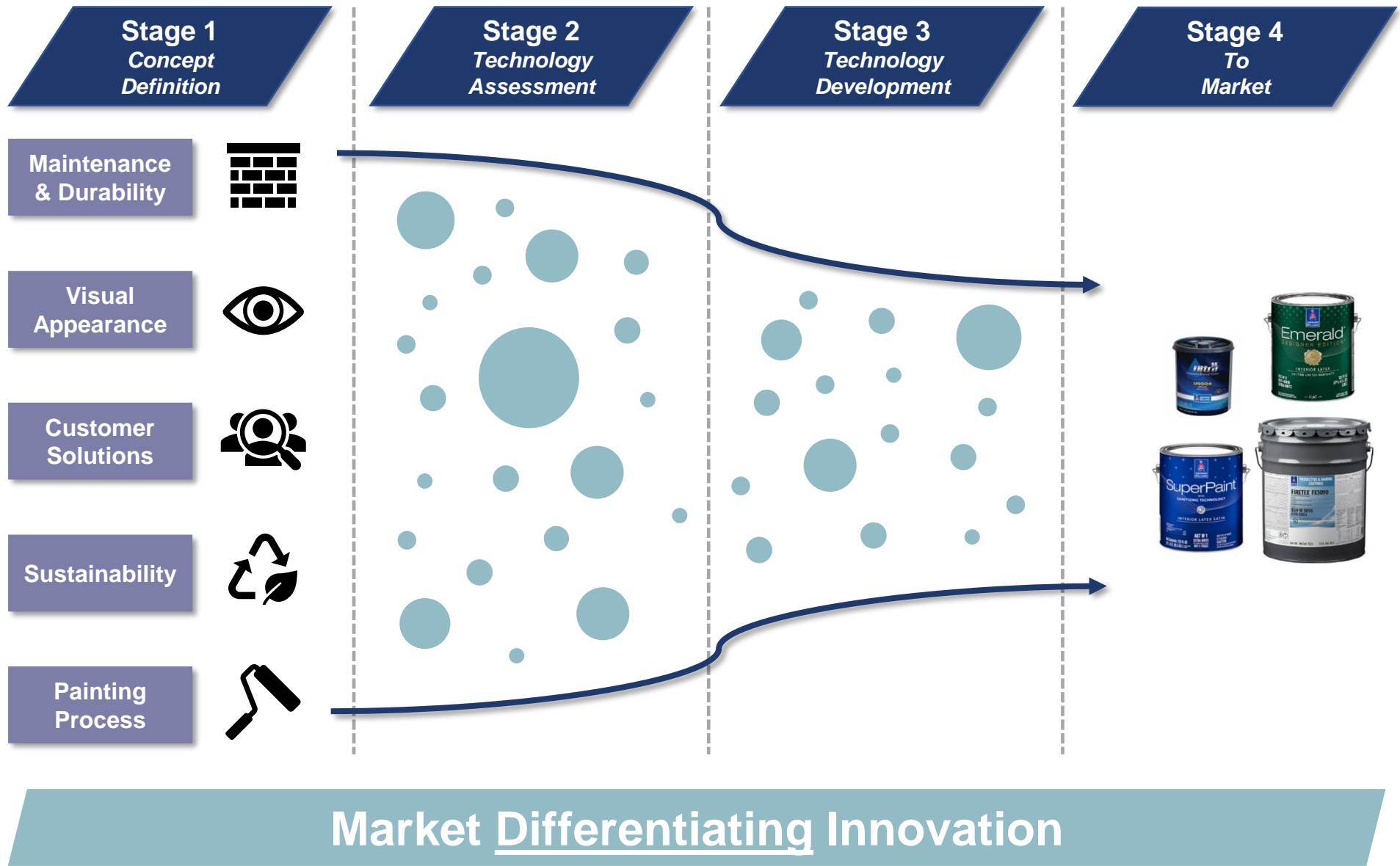


Source(s): Company Filings



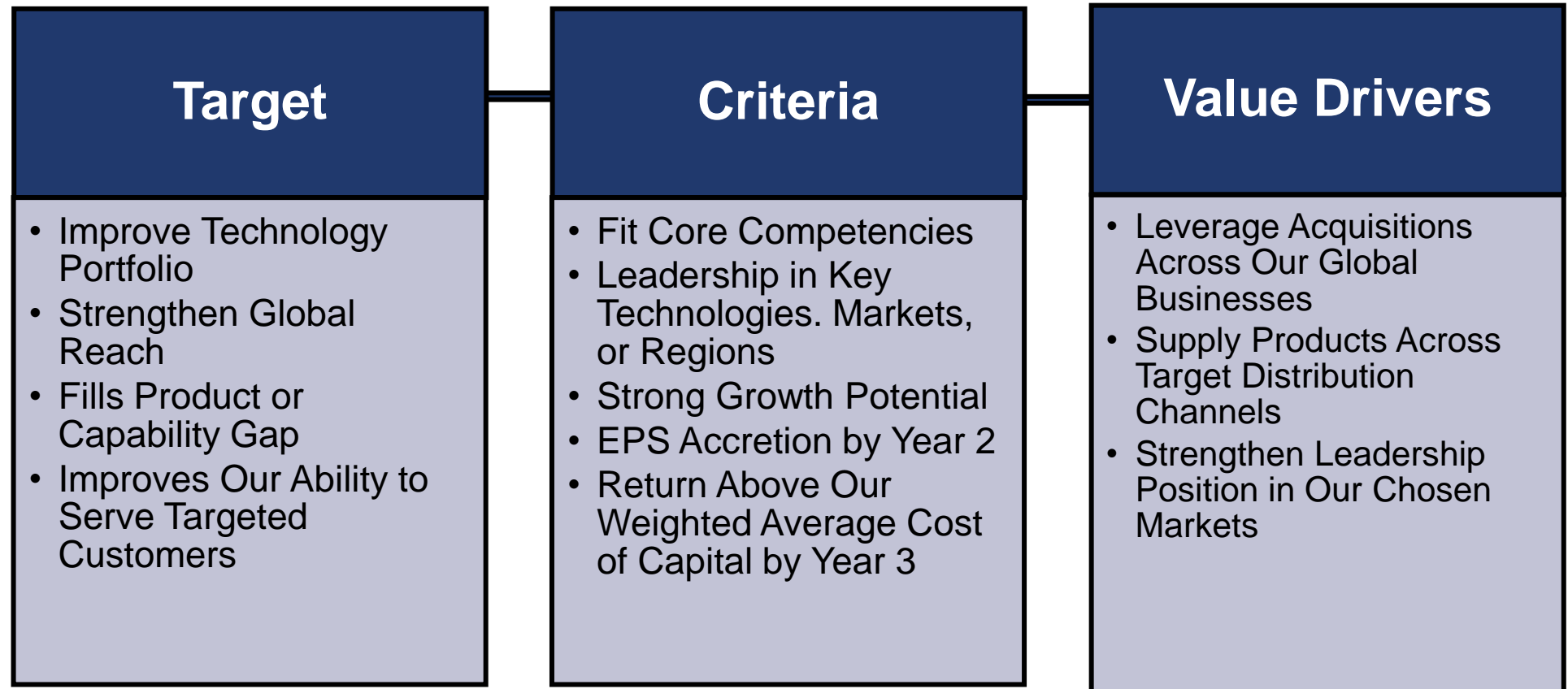
R&D Superiority

A disciplined R&D approach yields the greatest success



Strict Capital Allocation Criteria

Sound capital allocation in strategic M&A driving growth



M&A Activity

Strategic acquisitions to increase product offerings & expand internationally

Special Polymers, Inc.

December 2021



- **Description:** SHW acquired Specialty Polymers, a paint and coatings manufacturer with over 500 products
- **Rationale:** The acquisition of Specialty Polymers allows SHW to add to their existing internal resin manufacturing capabilities. In addition to its significant capacity, there is an opportunity to add millions of pounds of additional capacity in the near term with minimal investment

Tennant Coatings, Inc.

February 2021



- **Description:** Tennant Coatings designs and manufactures commercial concrete floor coating systems
- **Rationale:** With the acquisition of Tennant Coatings, SHW is able to expand its coatings segment and take advantage of Tennant's expertise in manufacturing resin/coatings for commercial and industrial consumers.

Valspar Corporation

June 2017



- **Description:** Valspar is a manufacturer of paint and coatings, providing interior/exterior paint, stain & sealant products
- **Rationale:** This transaction helped accelerate Sherwin-Williams growth strategy by expanding its global platform in Asia-Pacific and EMEA while adding new capabilities to SHW's packaging and coil segments

SHW's M&A Outlook

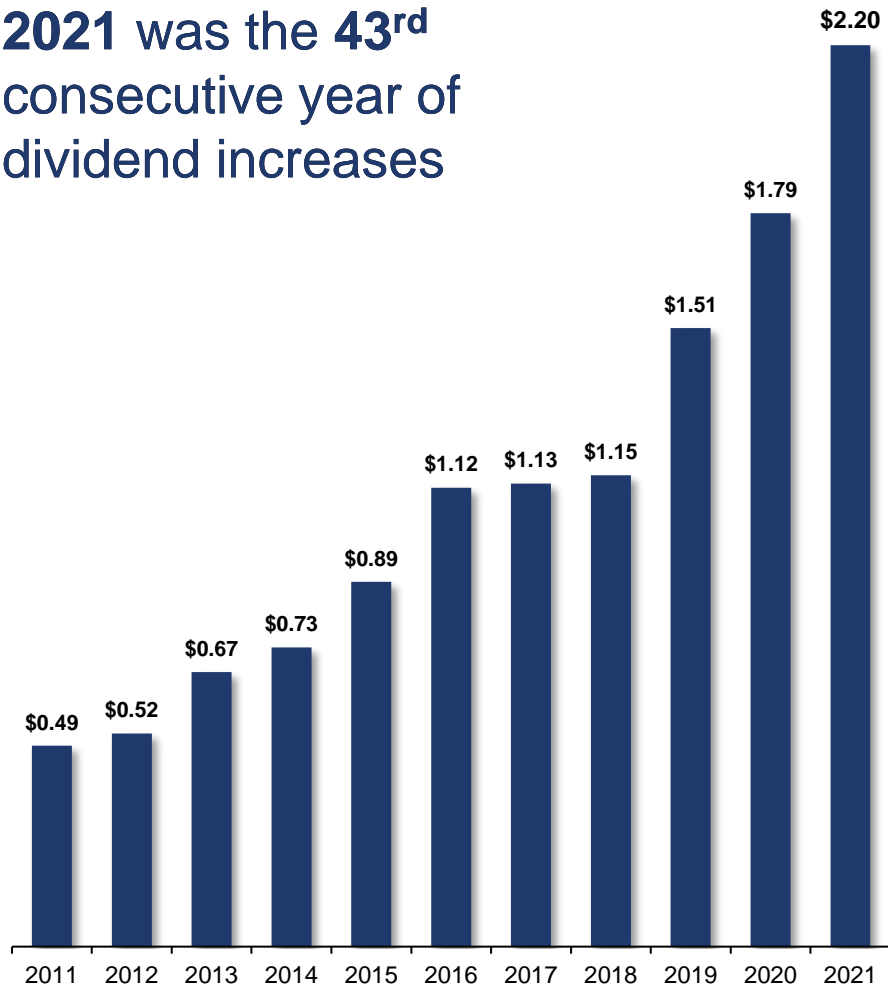
- **Strategic M&A To Further Product Offerings:** Through acquisitions, SHW expands its existing product offerings and strengthens its presence in existing product segments
- **Global Expansion:** SHW's M&A efforts have allowed it to expand into and strengthen its presence in markets outside North America, namely Europe, EMEA and Asia-Pacific.
- **Quickly Able to Integrate M&A Products:** SHW quickly integrates acquisitions and realizes benefits (In 2019, realized \$315M in benefits)

Shareholder Value

Strong commitment to shareholders through dividend hikes and share repurchases

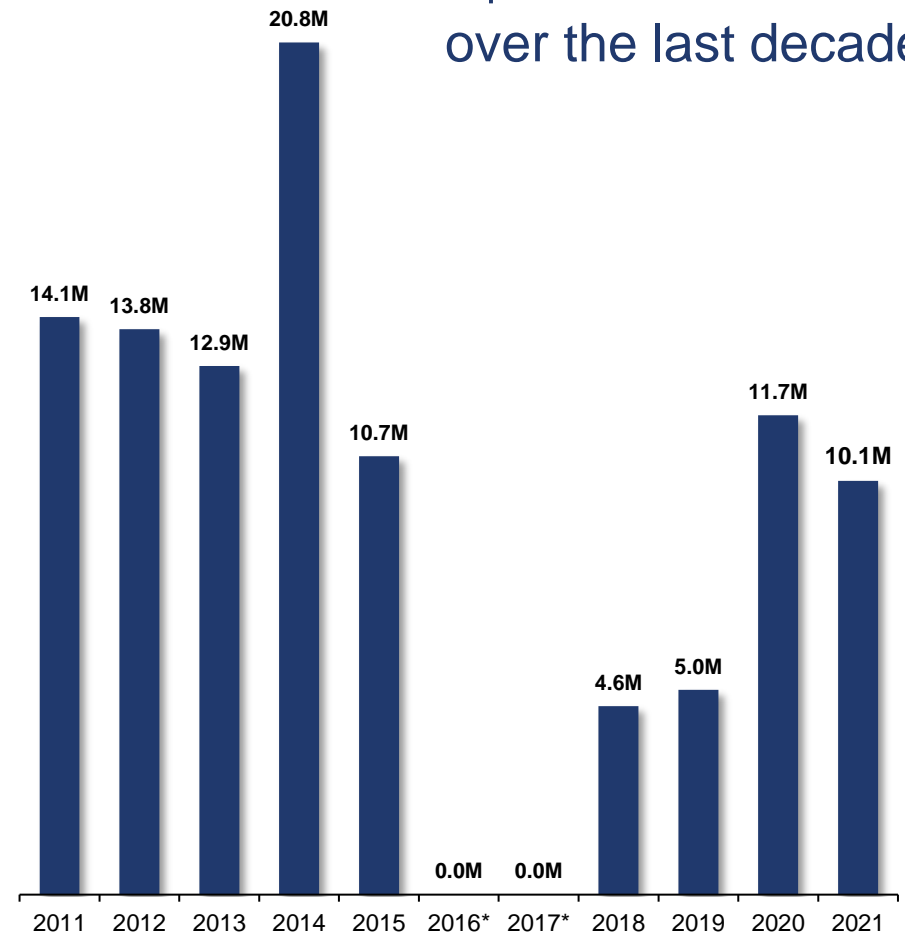
Strong Dividend Growth Over The Years

2021 was the **43rd** consecutive year of dividend increases



Numbers of Shares Repurchased Over the years

>\$8 Billion invested over the last decade



*No market purchases in 2016 and 2017 – focused on debt reduction following Valspar acquisition



Key Ownership Breakdown

Institutional owners have the largest ownership share of SHW

Ownership Summary			
Type	% of Total Shares Outstanding	Shares Owned	Market Value (USD in mm)
Institutions	79.50%	206,009,574	52,575.7
Individuals/Insiders	0.31%	802,489	204.8
ESOP	16.44%	42,594,489	10,870.5
State Owned Shares	0.04%	105,497	26.9
Public and Other	3.71%	9,608,706	2,452.2
Total	100.00%	259,120,755	66,130.2

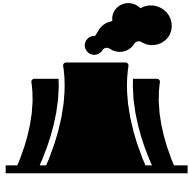
Top 10 Institutional Holders			
Institutional Stockholder	% of Total Shares Outstanding	Shares Owned	Market value (USD in mm)
The Vanguard Group, Inc.	7.48%	19,605,412	5,158.8
BlackRock Fund Advisors	4.34%	11,371,893	2,992.3
SSgA Funds Management, Inc.	4.21%	11,031,115	2,902.6
Fidelity Management & Research	3.70%	9,697,961	2,551.8
T. Rowe Price Associates, Inc.	2.56%	6,723,606	1,769.2
Capital Research & Management	1.86%	4,884,144	1,285.2
Janus Henderson Investors US	1.66%	4,359,994	1,147.2
Fiera Capital Corp.	1.60%	4,192,681	1,103.2
Geode Capital Management	1.43%	3,750,426	986.8
Capital Research & Management	1.29%	3,375,591	888.2
Total	30.13%	78,992,823	20,785.4

Top 10 Mutual Fund Holders			
Mutual fund	% of Total Shares Outstanding	Shares Owned	Market value (USD in mm)
Vanguard Total Stock Market Index	2.59%	6,787,860	1,786.1
Vanguard 500 Index Fund	2.00%	5,233,160	1,377.0
SPDR S&P 500 ETF Trust	0.98%	2,566,317	675.3
MFS Value Fund	0.94%	2,473,602	650.9
Fidelity 500 Index Fund	0.94%	2,470,288	650.0
MFS Growth Fund	0.90%	2,351,483	618.7
American Funds New Perspective	0.90%	2,349,775	618.3
Fidelity Contrafund	0.81%	2,129,377	560.3
iShares Core S&P 500 ETF	0.79%	2,059,489	541.9
Vanguard Growth Index Fund	0.72%	1,876,755	493.8
Total	11.57%	30,298,106	7,972.3



Environmental Footprint Implementation

U.S regulations will not permit industry players to grow without compliance with ESG



Greenhouse Gas Emissions

Reduce absolute scope 1 and 2 greenhouse gas emissions by 30% by 2030



Renewable Energy

Increase renewable energy to 50% of total electricity usage by 2030



Energy Efficiency

Increase operational energy efficiency by 20% by 2030



Waste Reduction

Reduce waste disposal intensity by 25% (all streams) by 2030



Climate Action Report

Prepare report using TCFD framework

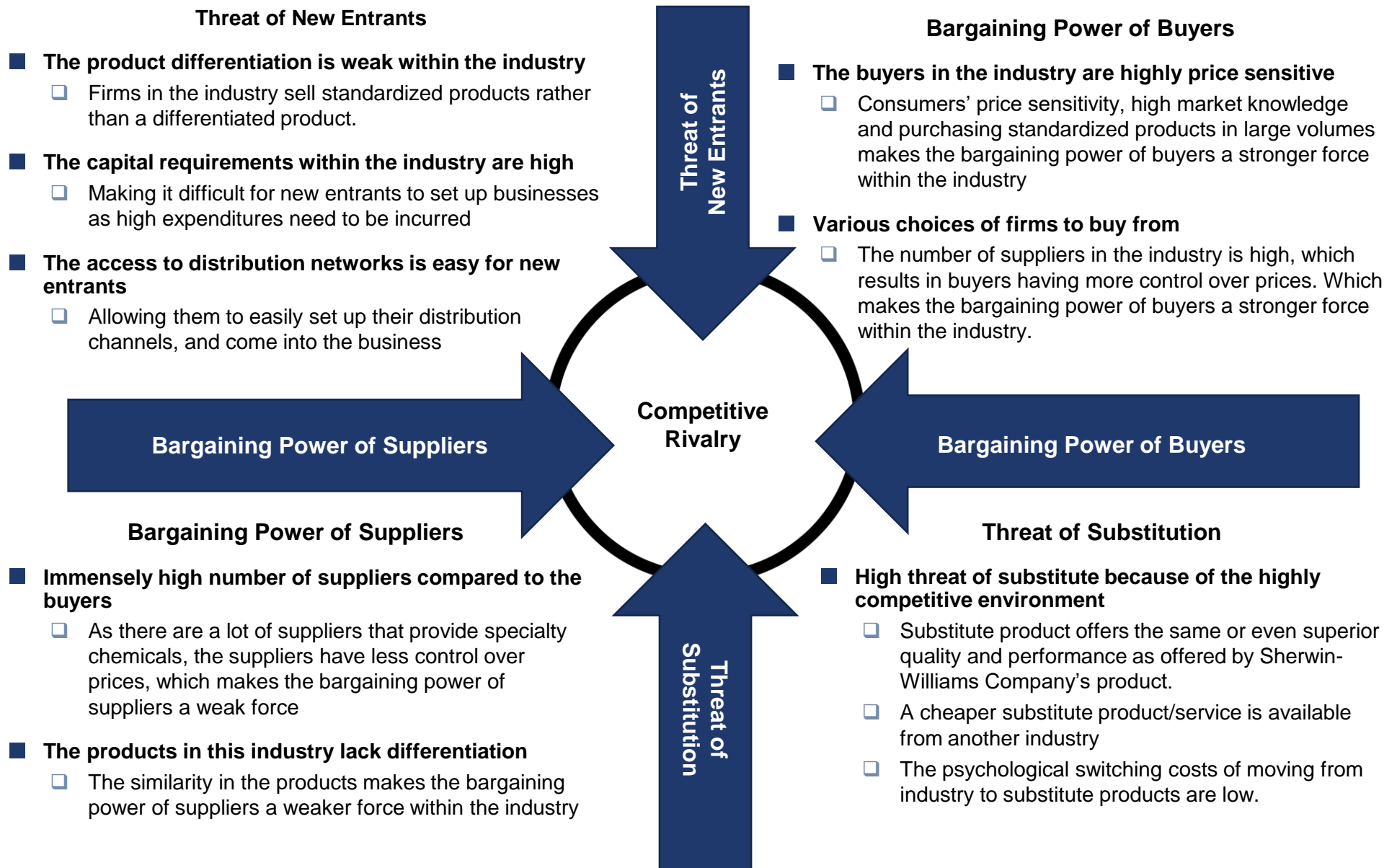
Deep Portfolio of Sustainable Products

Ultra 9K® E	EcoSelect®	ProMar® 400	Krylon Quik-Tap™	AquaGuard®	valPure® V70	POWDURA® ECO	Harmony®	ProMar® 200 HP	SuperDeck®
Waterborne Basecoat System	Zero VOC Interior Latex	Zero VOC Primer	Reusable Spray Device	Coating Solutions Zinc-Free & Water-Based	Non-BPA Epoxy	Powder Coatings Made from Recycled Plastic	Zero VOC Interior Acrylic Latex	Zero VOC Interior Latex	Waterborne Exterior Solid Color Deck Stain



Porter's 5 Forces

Industry competitive forces



Industry Profit Pool Analysis

Steady industry providing steady value creation, appreciation & profit pools

Market Share Stability Analysis

Company Name (Market Share)	2017	2022	5-Year Change
Sherwin-Williams Company	67.8%	70.2%	2.4%
PPG Industries Inc.	10.8%	8.0%	(2.80%)
Kelly-Moore Paints	2.4%	6.7%	4.3%
Other	19.0%	15.1%	(3.90%)
Total	100.0%	100.0%	
Average Absolute Change			0.00%



Stable Industries Are More Conducive To Sustainable Value Creation

Profit Pools by Comparable Group

~1/4th

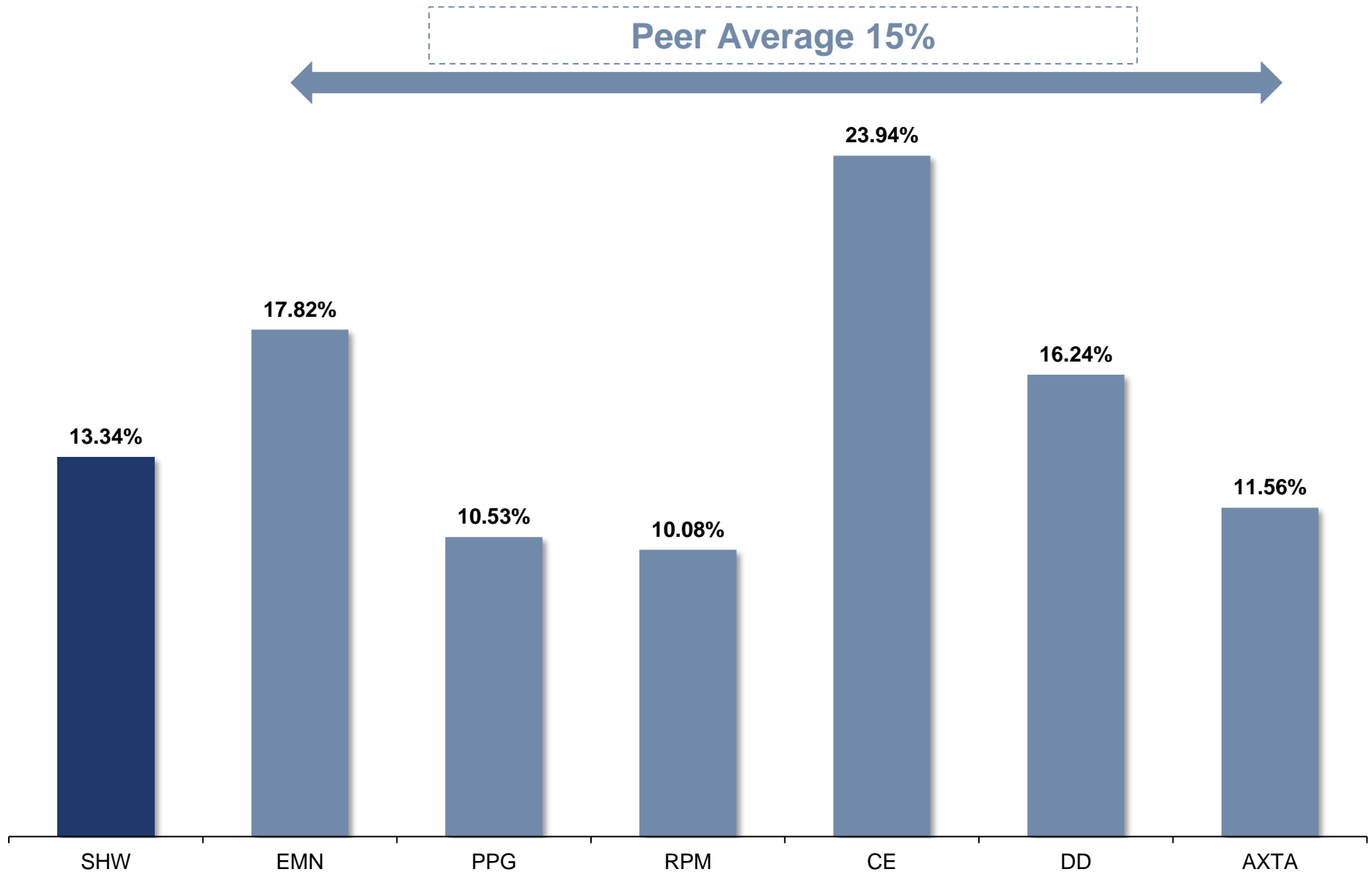


CFROI – Hurdle Rate (8%) To Determine Value % Of Profit Pool



Operating Ratio Comparisons

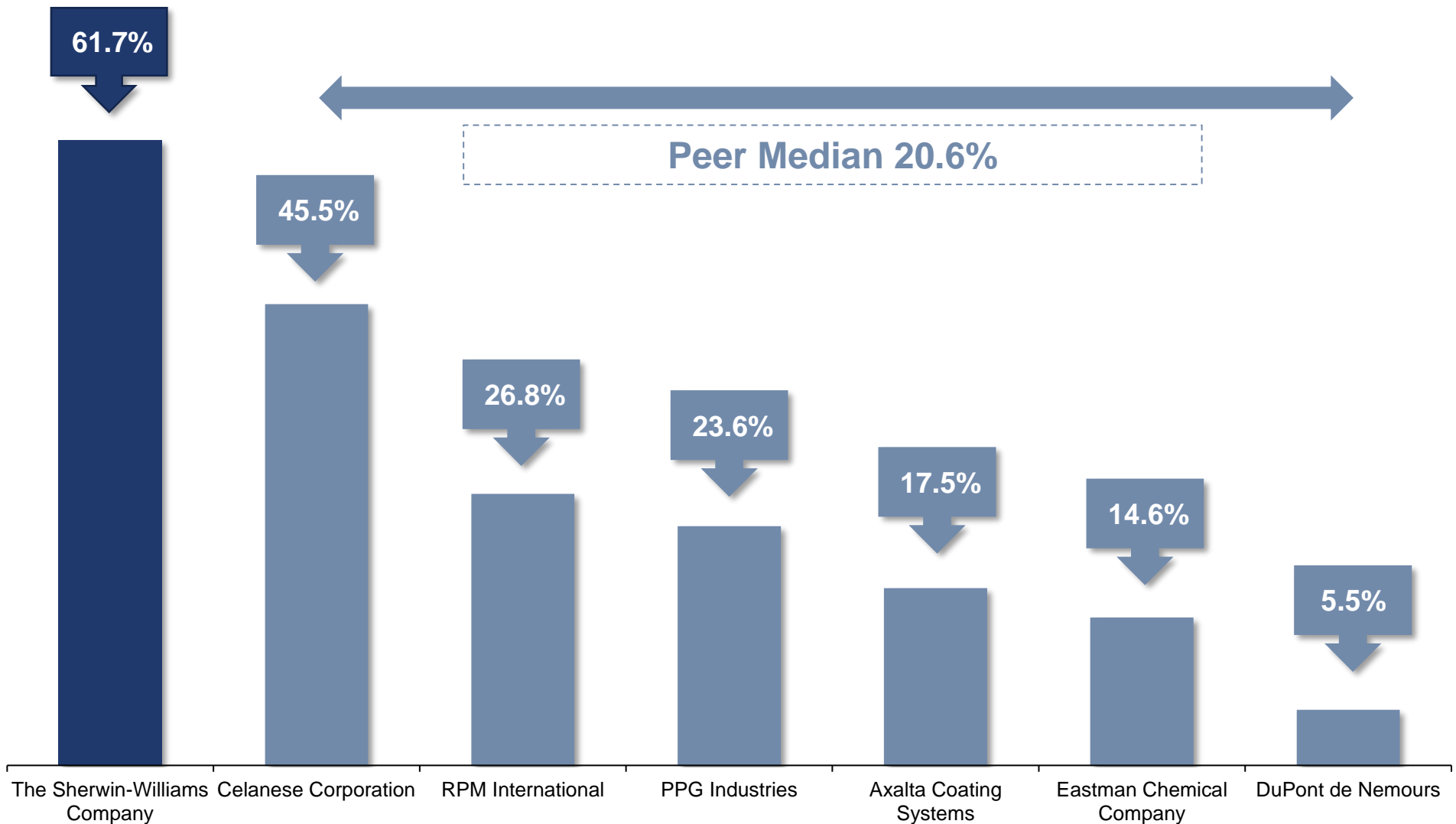
SHW has lower than industry operating ratio showing its ability to keep costs low



ROE Analysis Breakdown

Sherwin-Williams' management is far more efficient in using its assets

SHW's ROE is 2.9x times its peers



Full Discounted Cash Flow Analysis

Base Case

Discounted Cash Flow Analysis				Projections									
(In \$ Millions)	2019A	2020A	2021A	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Revenue:													
The Americas Group	10,171.9	10,383.2	11,217.0	12,450.9	13,446.9	14,455.5	15,467.3	16,472.7	17,461.1	18,421.4	19,342.5	20,116.2	20,820.3
Consumer Brands Group	6,283.8	6,741.8	7,133.4	7,775.4	8,436.3	9,111.2	9,794.6	10,480.2	11,004.2	11,499.4	11,959.4	12,377.9	12,749.3
Performance Coatings Group	5,165.4	5,058.7	5,903.5	6,434.8	6,949.6	7,436.1	7,956.6	8,473.8	8,982.2	9,521.1	9,997.2	10,497.1	10,916.9
Administrative	(3,720.3)	(3,822.8)	(4,559.3)	(4,639.0)	(5,016.9)	(5,394.5)	(5,780.0)	(6,164.2)	(6,515.9)	(6,862.9)	(7,186.0)	(7,480.5)	(7,740.6)
Total Revenue	17,900.8	18,360.9	19,694.6	22,022.1	23,815.9	25,608.3	27,438.5	29,262.4	30,931.6	32,579.1	34,113.0	35,510.7	36,745.8
% Growth	2.1%	2.6%	7.3%	11.8%	8.1%	7.5%	7.1%	6.6%	5.7%	5.3%	4.7%	4.1%	3.5%
Cost of Goods Sold	9,864.7	9,679.1	11,401.9	12,179.2	13,171.3	13,726.0	14,604.3	15,575.1	16,362.8	17,201.7	18,011.7	18,749.7	19,401.8
Gross Profit	8,036.1	8,681.8	8,292.7	9,842.8	10,644.6	11,882.2	12,834.2	13,687.4	14,568.8	15,377.3	16,101.3	16,761.1	17,344.0
Gross Profit Margin	44.9%	47.3%	42.1%	44.7%	44.7%	46.4%	46.8%	46.8%	47.1%	47.2%	47.2%	47.2%	47.2%
Operating Expenses:													
Selling, General & Admin	5,315.3	5,482.8	5,576.9	6,406.0	6,927.8	7,449.2	7,981.6	8,512.2	8,997.7	9,477.0	9,923.2	10,329.7	10,689.0
Amortization	312.8	313.4	309.5	361.0	390.4	419.8	449.8	479.7	507.0	534.0	559.2	582.1	602.3
Other Operating Expense/(Income)	23.0	37.1	-4.0	20.0	21.6	23.3	24.9	26.6	28.1	29.6	31.0	32.3	33.4
Total Other Operating Expenses	5,651.1	5,833.3	5,882.4	6,787.0	7,339.9	7,892.3	8,456.3	9,018.4	9,532.9	10,040.6	10,513.3	10,944.1	11,324.8
Operating Income	2,385.0	2,848.5	2,410.3	3,055.8	3,304.7	3,990.0	4,377.9	4,668.9	5,035.9	5,336.7	5,588.0	5,817.0	6,019.3
EBIT Margin		15.5%	12.2%	13.9%	13.9%	15.6%	16.0%	16.0%	16.3%	16.4%	16.4%	16.4%	16.4%
Income Tax	440.5	488.8	384.2	794.5	859.2	1,037.4	1,138.3	1,213.9	1,309.3	1,387.5	1,452.9	1,512.4	1,565.0
NOPAT	1,944.5	2,359.7	2,026.1	2,261.3	2,445.5	2,952.6	3,239.7	3,455.0	3,726.6	3,949.2	4,135.1	4,304.5	4,454.3
Add: Depreciation and Amortization	312.8	313.4	309.5	379.1	410.0	440.9	472.4	503.8	532.5	560.9	587.3	611.3	632.6
Less: Capital Expenditures	328.9	303.8	372.0	411.4	444.9	478.4	512.6	546.7	577.8	608.6	637.3	663.4	686.5
Add / (Less): Change in Net Working Capital	(443.1)	(632.7)	(389.7)	110.1	119.1	128.1	137.2	146.4	154.7	163.0	170.6	177.6	183.8
Unlevered Free Cash Flow	1,485.3	1,736.6	1,573.9	2,339.2	2,529.7	3,043.1	3,336.7	3,558.5	3,836.0	4,064.4	4,255.7	4,430.1	4,584.2
% Growth				48.6%	8.1%	20.3%	9.6%	6.6%	7.8%	6.0%	4.7%	4.1%	3.5%
Discount Period				0.50	1.50	2.50	3.50	4.50	5.50	6.50	7.50	8.50	9.50
Discount Rate				8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%	8.0%
Discount Factor				0.96x	0.89x	0.82x	0.76x	0.71x	0.65x	0.61x	0.56x	0.52x	0.48x
PV of Unlevered Free Cash Flow				2,250.9	2,253.9	2,510.5	2,548.8	2,516.8	2,512.1	2,464.6	2,389.4	2,303.1	2,206.7



Discounted Cash Flow Analysis Assumptions

Base Case Assumptions

Assumptions (In \$ Millions)	Projections												
	2019A	2020A	2021A	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
The Americas Group Growth	5.7%	2.1%	8.0%	11.0%	8.0%	7.5%	7.0%	6.5%	6.0%	5.5%	5.0%	4.0%	3.5%
Consumer Brands Group Growth	1.4%	7.3%	5.8%	9.0%	8.5%	8.0%	7.5%	7.0%	5.0%	4.5%	4.0%	3.5%	3.0%
Performance Coatings Group Growth	(0.5%)	(2.1%)	16.7%	9.0%	8.0%	7.0%	7.0%	6.5%	6.0%	6.0%	5.0%	5.0%	4.0%
Administrative % of Total Revenue	(17.2%)	(17.2%)	(18.8%)	(17.4%)	(17.4%)	(17.4%)	(17.4%)	(17.4%)	(17.4%)	(17.4%)	(17.4%)	(17.4%)	(17.4%)
COGS % of Total Revenue	55.1%	52.7%	57.9%	55.3%	55.3%	53.6%	53.2%	53.2%	52.9%	52.8%	52.8%	52.8%	52.8%
Selling, General & Admin % of Total Revenue	29.7%	29.9%	28.3%	29.1%	29.1%	29.1%	29.1%	29.1%	29.1%	29.1%	29.1%	29.1%	29.1%
Amortization % of Total Revenue	1.7%	1.7%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%	1.6%
Other Operating Expense / (Income) % of Total Revenue	0.1%	0.2%	(0.0%)	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Tax Rate	18.5%	17.2%	15.9%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%
D&A % of Total Revenue	1.7%	1.7%	1.6%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%
CapEx % of Total Revenue	1.8%	1.7%	1.9%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%
Accounts Receivable % of Revenue	11.7%	11.6%	12.3%	11.3%	10.9%	10.4%	10.1%	9.8%	9.6%	9.4%	9.3%	9.3%	9.3%
Inventory % of COGS	19.2%	18.6%	16.9%	16.4%	15.7%	15.6%	15.1%	14.7%	14.5%	14.3%	14.1%	14.0%	14.0%
Other Current Assets % of Revenues	2.7%	2.3%	2.8%	2.6%	2.5%	2.4%	2.3%	2.2%	2.2%	2.1%	2.1%	2.1%	2.1%
Accounts Payable % of COGS	19.0%	21.9%	21.1%	20.4%	19.5%	19.4%	18.9%	18.3%	18.1%	17.8%	17.6%	17.5%	17.5%
Accrued Expense % of SG&A	26.5%	25.2%	11.6%	21.3%	20.4%	19.6%	19.0%	18.4%	18.0%	17.7%	17.5%	17.4%	17.4%
Other Current Liabilities % of Revenues	0.8%	1.3%	0.7%	0.7%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.5%	0.5%



Discounted Cash Flow Analysis

Intrinsic Valuation – Bull Case

Discounted Cash Flow Analysis (In \$ Millions)	Projections												
	2019A	2020A	2021A	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Total Revenue	17,900.8	18,360.9	19,694.6	22,965.7	25,295.7	27,705.3	30,239.5	32,854.5	35,385.6	37,978.0	40,525.7	42,996.7	45,352.1
Cost of Goods Sold	9,864.7	9,679.1	11,401.9	12,471.4	13,736.8	14,573.0	15,792.7	17,158.4	18,365.1	19,672.6	20,992.3	22,272.3	23,492.4
Gross Profit	8,036.1	8,681.8	8,292.7	10,494.2	11,559.0	13,132.3	14,446.8	15,696.1	17,020.5	18,305.4	19,533.4	20,724.4	21,859.7
Total Other Operating Expenses	5,651.1	5,833.3	5,882.4	6,388.9	7,037.1	7,707.4	8,412.4	9,139.8	9,844.0	10,565.2	11,273.9	11,961.3	12,616.6
Operating Income	2,385.0	2,848.5	2,410.3	4,105.4	4,521.9	5,424.9	6,034.4	6,556.2	7,176.5	7,740.2	8,259.5	8,763.1	9,243.1
Income Tax	440.5	488.8	384.2	1,067.4	1,175.7	1,410.5	1,568.9	1,704.6	1,865.9	2,012.5	2,147.5	2,278.4	2,403.2
NOPAT	1,944.5	2,359.7	2,026.1	3,038.0	3,346.2	4,014.5	4,465.5	4,851.6	5,310.6	5,727.8	6,112.0	6,484.7	6,839.9
Add: Depreciation and Amortization	312.8	313.4	309.5	395.4	435.5	477.0	520.6	565.6	609.2	653.8	697.7	740.2	780.8
Less: Capital Expenditures	328.9	303.8	372.0	429.0	472.6	517.6	564.9	613.8	661.0	709.5	757.1	803.2	847.2
Add / (Less): Change in Net Working Capital	(443.1)	(632.7)	(389.7)	114.9	126.5	138.6	151.2	164.3	177.0	190.0	202.7	215.1	226.8
Unlevered Free Cash Flow	1,485.3	1,736.6	1,573.9	3,119.2	3,435.7	4,112.4	4,572.4	4,967.8	5,435.7	5,862.1	6,255.3	6,636.7	7,000.3
Discount Factor				0.96x	0.89x	0.82x	0.76x	0.71x	0.65x	0.61x	0.56x	0.52x	0.48x
PV of Unlevered Free Cash Flow				3,001.4	3,061.1	3,392.6	3,492.7	3,513.6	3,559.8	3,554.6	3,512.1	3,450.3	3,369.7

Perpetuity Growth Method		Exit Multiple Method	
Cumulative PV of UFCF	41,160.3	Cumulative PV of UFCF	41,160.3
% of Enterprise Value	33.5%	% of Enterprise Value	33.3%
Terminal Value		Terminal Value	
Final Year UFCF	8,480.8	Final Year EBITDA	9,640.0
Perpetuity Growth Rate	3.0%	Exit EBITDA Multiple	17.8x
Terminal Value	169,615.6	Terminal Value	171,110.5
PV of Terminal Value	81,647.0	PV of Terminal Value	82,366.6
% of Enterprise Value	66.5%	% of Enterprise Value	66.7%
Total Enterprise Value	122,807.3	Total Enterprise Value	123,526.9
Plus: Cash	165.7	Plus: Cash	165.7
Less: Total Debt	(11,495.4)	Less: Total Debt	(11,495.4)
Total Equity Value	111,477.6	Total Equity Value	112,197.2
Diluted Shares Outstanding	267.0	Diluted Shares Outstanding	267.0
Implied Share Price	\$417.52	Implied Share Price	\$420.21
Current Share Price	\$255.21	Current Share Price	\$255.21
Implied Margin of Safety	63.6%	Implied Margin of Safety	64.7%

Sensitivity Analysis

		Perpetuity Growth Rate				
		2.6%	2.8%	3.0%	3.2%	3.4%
Discount Rate	7.0%	95.5%	102.6%	110.3%	119.0%	128.5%
	7.5%	73.0%	78.4%	84.4%	90.8%	97.9%
	8.0%	54.7%	59.0%	63.6%	68.6%	74.0%
	8.5%	39.6%	43.0%	46.6%	50.6%	54.8%
	9.0%	26.8%	29.6%	32.5%	35.7%	39.0%
		Exit EBITDA Multiple				
		13.8x	15.8x	17.8x	19.8x	21.8x
Discount Rate	7.0%	49.0%	63.9%	78.8%	93.7%	108.5%
	7.5%	43.1%	57.3%	71.6%	85.8%	100.0%
	8.0%	37.4%	51.0%	64.7%	78.3%	91.9%
	8.5%	32.0%	45.0%	58.1%	71.1%	84.1%
	9.0%	26.8%	39.3%	51.8%	64.2%	76.7%



Discounted Cash Flow Analysis Assumptions

Bull Case Assumptions

Assumptions (In \$ Millions)	Projections												
	2019A	2020A	2021A	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
The Americas Group Growth	5.7%	2.1%	8.0%	13.0%	10.0%	9.5%	9.0%	8.5%	8.0%	7.5%	7.0%	6.0%	5.5%
Consumer Brands Group Growth	1.4%	7.3%	5.8%	11.0%	10.5%	10.0%	9.5%	9.0%	7.0%	6.5%	6.0%	5.5%	5.0%
Performance Coatings Group Growth	(0.5%)	(2.1%)	16.7%	11.0%	10.0%	9.0%	9.0%	8.5%	8.0%	8.0%	7.0%	7.0%	6.0%
Administrative % of Total Revenue	(17.2%)	(17.2%)	(18.8%)	(15.4%)	(15.4%)	(15.4%)	(15.4%)	(15.4%)	(15.4%)	(15.4%)	(15.4%)	(15.4%)	(15.4%)
COGS % of Total Revenue	55.1%	52.7%	57.9%	54.3%	54.3%	52.6%	52.2%	52.2%	51.9%	51.8%	51.8%	51.8%	51.8%
Selling, General & Admin % of Total Revenue	29.7%	29.9%	28.3%	28.1%	28.1%	28.1%	28.1%	28.1%	28.1%	28.1%	28.1%	28.1%	28.1%
Amortization % of Total Revenue	1.7%	1.7%	1.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%	0.6%
Other Operating Expense / (Income) % of Total Revenue	0.1%	0.2%	(0.0%)	(0.9%)	(0.9%)	(0.9%)	(0.9%)	(0.9%)	(0.9%)	(0.9%)	(0.9%)	(0.9%)	(0.9%)
Tax Rate	18.5%	17.2%	15.9%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%
D&A % of Total Revenue	1.7%	1.7%	1.6%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%
CapEx % of Total Revenue	1.8%	1.7%	1.9%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%
Accounts Receivable % of Revenue	11.7%	11.6%	12.3%	10.9%	10.2%	9.7%	9.2%	8.7%	8.4%	8.1%	7.8%	7.6%	7.5%
Inventory % of COGS	19.2%	18.6%	16.9%	16.0%	15.0%	14.7%	14.0%	13.3%	12.9%	12.5%	12.1%	11.8%	11.6%
Other Current Assets % of Revenues	2.7%	2.3%	2.8%	2.5%	2.3%	2.2%	2.1%	2.0%	1.9%	1.8%	1.8%	1.7%	1.7%
Accounts Payable % of COGS	19.0%	21.9%	21.1%	19.9%	18.7%	18.3%	17.5%	16.6%	16.1%	15.5%	15.1%	14.7%	14.4%
Accrued Expense % of SG&A	26.5%	25.2%	11.6%	21.2%	19.9%	18.8%	17.8%	17.0%	16.3%	15.7%	15.3%	14.9%	14.6%
Other Current Liabilities % of Revenues	0.8%	1.3%	0.7%	0.6%	0.6%	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.4%



Discounted Cash Flow Analysis

Intrinsic Valuation – Bear Case

Discounted Cash Flow Analysis (In \$ Millions)	Projections												
	2019A	2020A	2021A	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Total Revenue	17,900.8	18,360.9	19,694.6	21,097.9	22,394.5	23,632.0	24,848.3	26,003.1	26,966.3	27,863.2	28,617.9	29,218.1	29,650.0
Cost of Goods Sold	9,864.7	9,679.1	11,401.9	11,879.1	12,609.2	12,903.1	13,474.1	14,100.3	14,534.8	14,990.4	15,396.4	15,719.3	15,951.7
Gross Profit	8,036.1	8,681.8	8,292.7	9,218.8	9,785.3	10,728.9	11,374.2	11,902.8	12,431.5	12,872.8	13,221.5	13,498.8	13,698.3
Total Other Operating Expenses	5,651.1	5,833.3	5,882.4	7,135.1	7,573.6	7,992.1	8,403.5	8,794.0	9,119.8	9,423.1	9,678.3	9,881.3	10,027.4
Operating Income	2,385.0	2,848.5	2,410.3	2,083.7	2,211.7	2,736.8	2,970.7	3,108.8	3,311.7	3,449.7	3,543.1	3,617.4	3,670.9
Income Tax	440.5	488.8	384.2	541.8	575.0	711.6	772.4	808.3	861.0	896.9	921.2	940.5	954.4
NOPAT	1,944.5	2,359.7	2,026.1	1,541.9	1,636.7	2,025.2	2,198.3	2,300.5	2,450.6	2,552.8	2,621.9	2,676.9	2,716.5
Add: Depreciation and Amortization	312.8	313.4	309.5	363.2	385.5	406.8	427.8	447.7	464.2	479.7	492.7	503.0	510.4
Less: Capital Expenditures	328.9	303.8	372.0	394.1	418.4	441.5	464.2	485.8	503.8	520.5	534.6	545.8	553.9
Add / (Less): Change in Net Working Capital	(443.1)	(632.7)	(389.7)	105.5	112.0	118.2	124.3	130.1	134.9	139.4	143.1	146.1	148.3
Unlevered Free Cash Flow	1,485.3	1,736.6	1,573.9	1,616.5	1,715.9	2,108.8	2,286.2	2,392.4	2,546.0	2,651.3	2,723.1	2,780.2	2,821.3
Discount Factor				0.96x	0.89x	0.82x	0.76x	0.71x	0.65x	0.61x	0.56x	0.52x	0.48x
PV of Unlevered Free Cash Flow				1,555.5	1,528.8	1,739.7	1,746.3	1,692.1	1,667.4	1,607.7	1,528.9	1,445.4	1,358.1

Perpetuity Growth Method		Exit Multiple Method	
Cumulative PV of UFCF	21,199.7	Cumulative PV of UFCF	21,199.7
% of Enterprise Value	37.3%	% of Enterprise Value	36.0%
Terminal Value		Terminal Value	
Final Year UFCF	3,700.9	Final Year EBITDA	4,404.4
Perpetuity Growth Rate	3.0%	Exit EBITDA Multiple	17.8x
Terminal Value	74,018.0	Terminal Value	78,177.4
PV of Terminal Value	35,629.6	PV of Terminal Value	37,631.8
% of Enterprise Value	62.7%	% of Enterprise Value	64.0%
Total Enterprise Value	56,829.3	Total Enterprise Value	58,831.5
Plus: Cash	165.7	Plus: Cash	165.7
Less: Total Debt	(11,495.4)	Less: Total Debt	(11,495.4)
Total Equity Value	45,499.6	Total Equity Value	47,501.8
Diluted Shares Outstanding	267.0	Diluted Shares Outstanding	267.0
Implied Share Price	\$170.41	Implied Share Price	\$177.91
Current Share Price	\$255.21	Current Share Price	\$255.21
Implied Margin of Safety	(33.2%)	Implied Margin of Safety	(30.3%)

Sensitivity Analysis

		Perpetuity Growth Rate				
		2.6%	2.8%	3.0%	3.2%	3.4%
Discount Rate	7.0%	(19.2%)	(16.1%)	(12.7%)	(8.9%)	(4.7%)
	7.5%	(29.0%)	(26.7%)	(24.1%)	(21.3%)	(18.2%)
	8.0%	(37.1%)	(35.2%)	(33.2%)	(31.0%)	(28.7%)
	8.5%	(43.8%)	(42.3%)	(40.7%)	(39.0%)	(37.1%)
	9.0%	(49.4%)	(48.2%)	(46.9%)	(45.6%)	(44.1%)
		Exit EBITDA Multiple				
		13.8x	15.8x	17.8x	19.8x	21.8x
Discount Rate	7.0%	(37.3%)	(30.5%)	(23.7%)	(17.0%)	(10.2%)
	7.5%	(40.1%)	(33.6%)	(27.1%)	(20.6%)	(14.1%)
	8.0%	(42.7%)	(36.5%)	(30.3%)	(24.1%)	(17.8%)
	8.5%	(45.3%)	(39.3%)	(33.3%)	(27.4%)	(21.4%)
	9.0%	(47.7%)	(42.0%)	(36.3%)	(30.6%)	(24.9%)



Discounted Cash Flow Analysis Assumptions

Bear Case Assumptions

Assumptions (In \$ Millions)	Projections												
	2019A	2020A	2021A	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
The Americas Group Growth	5.7%	2.1%	8.0%	9.0%	6.0%	5.5%	5.0%	4.5%	4.0%	3.5%	3.0%	2.0%	1.5%
Consumer Brands Group Growth	1.4%	7.3%	5.8%	7.0%	6.5%	6.0%	5.5%	5.0%	3.0%	2.5%	2.0%	1.5%	1.0%
Performance Coatings Group Growth	(0.5%)	(2.1%)	16.7%	7.0%	6.0%	5.0%	5.0%	4.5%	4.0%	4.0%	3.0%	3.0%	2.0%
Administrative % of Total Revenue	(17.2%)	(17.2%)	(18.8%)	(19.4%)	(19.4%)	(19.4%)	(19.4%)	(19.4%)	(19.4%)	(19.4%)	(19.4%)	(19.4%)	(19.4%)
COGS % of Total Revenue	55.1%	52.7%	57.9%	56.3%	56.3%	54.6%	54.2%	54.2%	53.9%	53.8%	53.8%	53.8%	53.8%
Selling, General & Admin % of Total Revenue	29.7%	29.9%	28.3%	30.1%	30.1%	30.1%	30.1%	30.1%	30.1%	30.1%	30.1%	30.1%	30.1%
Amortization % of Total Revenue	1.7%	1.7%	1.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%	2.6%
Other Operating Expense / (Income) % of Total Revenue	0.1%	0.2%	(0.0%)	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%	1.1%
Tax Rate	18.5%	17.2%	15.9%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%	26.0%
D&A % of Total Revenue	1.7%	1.7%	1.6%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%
CapEx % of Total Revenue	1.8%	1.7%	1.9%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%	1.7%
Accounts Receivable % of Revenue	11.7%	11.6%	12.3%	11.8%	11.5%	11.3%	11.1%	11.0%	11.0%	11.0%	11.1%	11.3%	11.5%
Inventory % of COGS	19.2%	18.6%	16.9%	16.8%	16.4%	16.6%	16.4%	16.2%	16.3%	16.4%	16.5%	16.7%	17.0%
Other Current Assets % of Revenues	2.7%	2.3%	2.8%	2.7%	2.6%	2.6%	2.5%	2.5%	2.5%	2.5%	2.5%	2.6%	2.6%
Accounts Payable % of COGS	19.0%	21.9%	21.1%	20.9%	20.4%	20.6%	20.5%	20.2%	20.3%	20.4%	20.6%	20.8%	21.2%
Accrued Expense % of SG&A	26.5%	25.2%	11.6%	21.5%	21.0%	20.6%	20.3%	20.0%	20.0%	20.0%	20.2%	20.5%	20.9%
Other Current Liabilities % of Revenues	0.8%	1.3%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%	0.7%

