

**THE SHERWIN-WILLIAMS COMPANY AND SUBSIDIARIES**  
**STATEMENTS OF CONSOLIDATED INCOME**

(millions of dollars, except per share data)

	Year Ended December 31,		
	2019	2018	2017
Net sales	\$ 17,900.8	\$ 17,534.5	\$ 14,983.8
Cost of goods sold	9,864.7	10,115.9	8,265.0
Gross profit	8,036.1	7,418.6	6,718.8
Percent to net sales	44.9%	42.3%	44.8%
Selling, general and administrative expenses	5,274.9	5,033.8	4,797.6
Percent to net sales	29.5%	28.7%	32.0%
Other general expense - net	39.1	189.1	20.9
Amortization	312.8	318.1	206.8
Impairment of trademarks	122.1		2.0
Interest expense	349.3	366.7	263.5
Interest and net investment income	(25.9)	(5.2)	(8.6)
California litigation expense	(34.7)	136.3	
Other expense (income) - net	16.7	20.1	(32.7)
Income from continuing operations before income taxes	1,981.8	1,359.7	1,469.3
Income tax expense (credit)	440.5	251.0	(300.2)
Net income from continuing operations	1,541.3	1,108.7	1,769.5
Loss from discontinued operations			
Income taxes			41.6
Net loss from discontinued operations	—	—	(41.6)
Net income	\$ 1,541.3	\$ 1,108.7	\$ 1,727.9
Basic net income per share:			
Continuing operations	\$ 16.79	\$ 11.92	\$ 19.04
Discontinued operations			(.44)
Net income per share	\$ 16.79	\$ 11.92	\$ 18.60
Diluted net income per share			
Continuing operations	\$ 16.49	\$ 11.67	\$ 18.64
Discontinued operations			(.44)
Net income per share	\$ 16.49	\$ 11.67	\$ 18.20

See notes to consolidated financial statements.

**THE SHERWIN-WILLIAMS COMPANY AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**

(millions of dollars, except share data)

	December 31,		
	2019	2018	2017
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 161.8	\$ 155.5	\$ 204.2
Accounts receivable, less allowance	2,088.9	2,018.8	2,104.6
Inventories:			
Finished goods	1,509.6	1,426.4	1,356.5
Work in process and raw materials	380.0	388.9	386.0
	1,889.6	1,815.3	1,742.5
Other current assets	491.4	354.9	355.7
Total current assets	4,631.7	4,344.5	4,407.0
Property, plant and equipment:			
Land	242.1	244.6	254.7
Buildings	1,044.2	979.1	962.1
Machinery and equipment	2,952.1	2,668.5	2,573.0
Construction in progress	144.0	147.9	177.0
	4,382.4	4,040.1	3,966.8
Less allowances for depreciation	2,547.2	2,263.3	2,089.7
	1,835.2	1,776.8	1,877.1
Goodwill	7,004.8	6,956.7	6,814.3
Intangible assets	4,734.5	5,201.6	6,002.4
Operating lease right-of-use assets	1,685.6		
Deferred pension assets	43.0	270.7	296.7
Other assets	561.4	584.0	502.0
Total Assets	<u>\$ 20,496.2</u>	<u>\$ 19,134.3</u>	<u>\$ 19,899.5</u>
<b>Liabilities and Shareholders' Equity</b>			
Current liabilities:			
Short-term borrowings	\$ 204.7	\$ 328.4	\$ 633.7
Accounts payable	1,876.3	1,799.4	1,791.5
Compensation and taxes withheld	552.7	504.5	508.2
Accrued taxes	85.7	80.8	79.9
Current portion of long-term debt	429.8	307.2	1.2
California litigation accrual	12.0	136.3	
Current portion of operating lease liabilities	371.6		
Other accruals	989.1	1,141.1	972.7
Total current liabilities	4,521.9	4,297.7	3,987.2
Long-term debt	8,050.7	8,708.1	9,885.7
Postretirement benefits other than pensions	263.0	257.6	274.7
Deferred income taxes	969.9	1,130.9	1,419.6
Long-term operating lease liabilities	1,370.7		
Other long-term liabilities	1,196.7	1,009.3	684.4
Shareholders' equity:			
Common stock - \$1.00 par value:			
92,144,839, 93,116,762 and 93,883,645 shares outstanding			
at December 31, 2019, 2018 and 2017, respectively	119.4	118.4	117.6
Other capital	3,153.0	2,896.4	2,723.2
Retained earnings	7,366.9	6,246.5	5,458.4
Treasury stock, at cost	(5,836.5)	(4,900.7)	(4,266.4)
Accumulated other comprehensive loss	(679.5)	(629.9)	(384.9)
Total shareholders' equity	4,123.3	3,730.7	3,647.9
Total Liabilities and Shareholders' Equity	<u>\$ 20,496.2</u>	<u>\$ 19,134.3</u>	<u>\$ 19,899.5</u>

See notes to consolidated financial statements.

**THE SHERWIN-WILLIAMS COMPANY AND SUBSIDIARIES**  
**STATEMENTS OF CONSOLIDATED CASH FLOWS**

(millions of dollars)

	Year Ended December 31,		
	2019	2018	2017
<b>Operating Activities</b>			
Net income	\$ 1,541.3	\$ 1,108.7	\$ 1,727.9
Adjustments to reconcile net income to net operating cash:			
Loss from discontinued operations			41.6
Depreciation	262.1	278.2	285.0
Non-cash lease expense	370.8		
Amortization of intangible assets	312.8	318.1	206.8
Amortization of inventory purchase accounting adjustments			113.8
Loss on extinguishment of debt	14.8		
Impairment of trademarks	122.1		2.0
Amortization of credit facility and debt issuance costs	9.2	12.1	8.3
Provisions for environmental-related matters	23.0	176.3	15.4
Provisions for qualified exit costs	8.8	14.9	50.5
Deferred income taxes	(131.1)	(143.4)	(620.7)
Defined benefit pension plans net cost	43.1	36.4	18.2
Stock-based compensation expense	101.7	82.6	90.3
Net decrease in postretirement liability	(14.4)	(15.9)	(17.9)
Decrease in non-traded investments	82.3	72.5	65.7
Loss on sale or disposition of assets	16.1	12.8	5.5
Other	15.8	(13.8)	1.1
Change in working capital accounts:			
(Increase) decrease in accounts receivable	(73.2)	18.4	(49.9)
(Increase) in inventories	(75.5)	(119.5)	(90.0)
Increase in accounts payable	36.2	113.8	166.7
Increase (decrease) in accrued taxes	5.1	2.7	(20.9)
Increase in accrued compensation and taxes withheld	49.6	4.6	11.3
(Increase) decrease in refundable income taxes	(47.8)	20.1	(15.5)
(Decrease) increase in California litigation accrual	(59.6)	136.3	
Other	18.8	(46.7)	16.3
Change in operating lease liabilities	(368.4)		
Costs incurred for environmental-related matters	(26.1)	(17.7)	(13.8)
Costs incurred for qualified exit costs	(12.8)	(21.2)	(45.4)
Other	96.6	(86.6)	(68.3)
Net operating cash	2,321.3	1,943.7	1,884.0
<b>Investing Activities</b>			
Capital expenditures	(328.9)	(251.0)	(222.8)
Acquisitions of businesses, net of cash acquired	(77.3)		(8,810.3)
Proceeds from sale of assets	6.9	38.4	47.2
Increase in other investments	(63.3)	(39.0)	(61.5)
Net investing cash	(462.6)	(251.6)	(9,047.4)
<b>Financing Activities</b>			
Net (decrease) increase in short-term borrowings	(122.8)	(300.9)	356.3
Proceeds from long-term debt	1,332.8		8,275.2
Payments of long-term debt	(1,875.8)	(852.6)	(1,852.8)
Payments for credit facility and debt issuance costs	(13.6)	(5.2)	(49.4)
Payments of cash dividends	(420.8)	(322.9)	(319.0)
Proceeds from stock options exercised	154.6	90.7	143.6
Treasury stock purchased	(778.8)	(613.3)	
Proceeds from real estate financing transactions	7.2	225.3	
Other	(129.2)	32.2	(39.8)
Net financing cash	(1,846.4)	(1,746.7)	6,514.1
Effect of exchange rate changes on cash	(6.0)	5.9	(36.3)
Net increase (decrease) in cash and cash equivalents	6.3	(48.7)	(685.6)
Cash and cash equivalents at beginning of year	155.5	204.2	889.8
Cash and cash equivalents at end of year	\$ 161.8	\$ 155.5	\$ 204.2
Taxes paid on income	\$ 407.5	\$ 292.2	\$ 419.7
Interest paid on debt	336.1	368.0	220.6

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