

SHERWIN WILLIAMS CO
Form 10-Q
July 26, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.
For the Period Ended June 30, 2017

or
 Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.
For the transition period from _____ to _____
Commission file number 1-04851

THE SHERWIN-WILLIAMS COMPANY
(Exact name of registrant as specified in its charter)

OHIO 34-0526850
(State or other jurisdiction of (I.R.S. Employer
incorporation or organization) Identification No.)

101 West Prospect Avenue, 44115-1075
Cleveland, Ohio
(Address of principal executive offices) (Zip Code)
(216) 566-2000
(Registrant's telephone number including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one:)

Large accelerated filer Accelerated filer

Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company

Emerging growth company

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If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practical date.

Common Stock, \$1.00 Par Value – 93,410,169 shares as of June 30, 2017.

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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements

THE SHERWIN-WILLIAMS COMPANY AND SUBSIDIARIES

STATEMENTS OF CONSOLIDATED INCOME AND COMPREHENSIVE INCOME (UNAUDITED)

Thousands of dollars, except per share data

	Three Months Ended		Six Months Ended		
	June 30,		June 30,		
	2017	2016	2017	2016	
Net sales	\$3,735,817	\$3,219,525	\$6,497,204	\$5,793,549	
Cost of goods sold	1,998,761	1,583,624	3,416,874	2,895,803	
Gross profit	1,737,056	1,635,901	3,080,330	2,897,746	
Percent to net sales	46.5	% 50.8	% 47.4	% 50.0	%
Selling, general and administrative expenses	1,145,492	1,048,496	2,155,667	2,045,169	
Percent to net sales	30.7	% 32.6	% 33.2	% 35.3	%
Other general expense - net	1,775	2,733	2,051	20,287	
Amortization	28,918	5,584	35,088	11,366	
Interest expense	56,729	40,878	82,424	66,610	
Interest and net investment income	(3,091)	(952)	(4,371)	(1,439)	
Other (income) expense - net	(1,770)	(52)	(6,137)	174	
Income from continuing operations before income taxes	509,003	539,214	815,608	755,579	
Income taxes	148,352	161,150	215,805	212,639	
Net income from continuing operations	360,651	378,064	599,803	542,940	
Loss from discontinued operations (see Note 3)					
Income taxes	41,540		41,540		
Net loss from discontinued operations	(41,540)	—	(41,540)	—	
Net income	\$319,111	\$378,064	\$558,263	\$542,940	
Basic net income per common share					
Continuing operations	\$3.89	\$4.12	\$6.47	\$5.93	
Discontinued operations	(.45)		(.45)		
Net income per common share	\$3.44	\$4.12	\$6.02	\$5.93	
Diluted net income per common share					
Continuing operations	\$3.80	\$3.99	\$6.34	\$5.76	
Discontinued operations	(.44)		(.44)		
Net income per common share	\$3.36	\$			