

Forward-Looking Statements & Regulation G



This presentation contains “Forward-Looking Statements” as defined in the Private Securities Litigation Reform Act of 1995. These statements relate to our plans, expectations, estimates and beliefs of future events or our future financial performance and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by any forward-looking statements. In some cases, you can identify forward-looking statements by terminology such as “may,” “will,” “could,” “would,” “should,” “expect,” “plan,” “anticipate,” “target,” “project,” “intend,” “believe,” “estimate,” “predict,” “potential,” “pro forma,” “seek” or “continue” or the negative of those terms or other comparable terminology. Actual results may differ materially from expectations and are subject to certain risks and uncertainties such as those described in RPM’s periodic reports and statements filed with the Securities and Exchange Commission and available through the company’s website, www.rpminc.com. For example, the situation with Covid-19 is changing rapidly and cannot be predicted, but has already had impacts on our business. These impacts and other events related to COVID-19 have negatively affected, and could continue to negatively affect, our business, plans, performance, and anticipated financial results. We do not undertake any obligation to publicly update or revise any forward-looking statements to reflect future events, information or circumstances that arise after the date of this presentation.

This presentation includes certain company data that do not directly conform to generally accepted accounting principles, or GAAP, and certain company data that has been restated for improved clarity, understanding and comparability, or pro forma. All non-GAAP data in this presentation are indicated by footnote. Tables reconciling such data with GAAP measures are available through our website, www.rpminc.com under Investor Information/Presentations.

RPM At A Glance



A world leader in specialty coatings, sealants, building materials and related services.

QUICK FACTS

MANUFACTURING FACILITIES IN 26 COUNTRIES



FOUNDED:	1947
HEADQUARTERS:	Medina, OH
STOCK LISTING:	NYSE (Symbol: RPM)
FISCAL 2020 SALES:	\$5.5 Billion
SALES LOCATIONS:	165 countries and territories
EMPLOYEES:	14,600

DIVIDEND RECORD

47

consecutive years of dividend increases

STOCKHOLDERS (percent of total shares)

Institutional: 80% 739 Institutions	Individual: 20% 159,100 Individuals
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MAP to Growth



PURPOSE

To position RPM for sustained, profitable growth creating superior value for its customers, entrepreneurs, associates and shareholders.



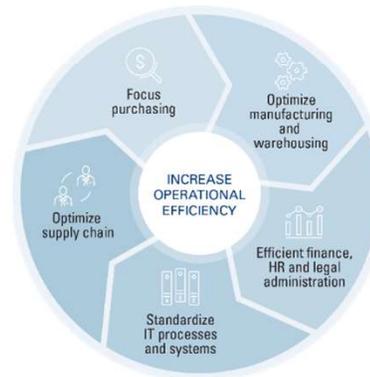
Maintain Entrepreneurial Growth Culture

VISION

To transform RPM into a more connected and efficient company focused on operational excellence and continuous improvement, while maintaining the strengths of its entrepreneurial culture.



Align to Execute



Increase Operational Efficiency

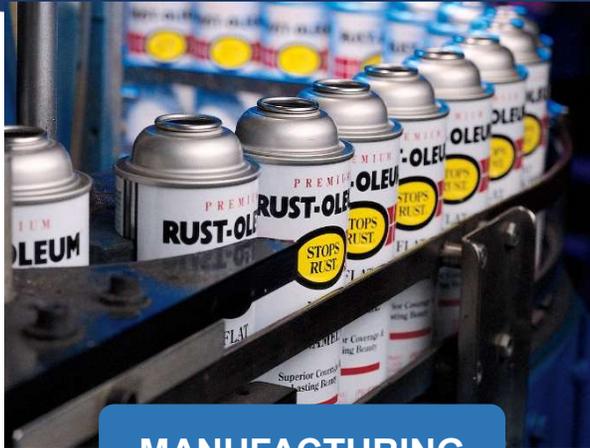
MAP TO GROWTH STRATEGY

GOALS

RPM is targeting improvements to:

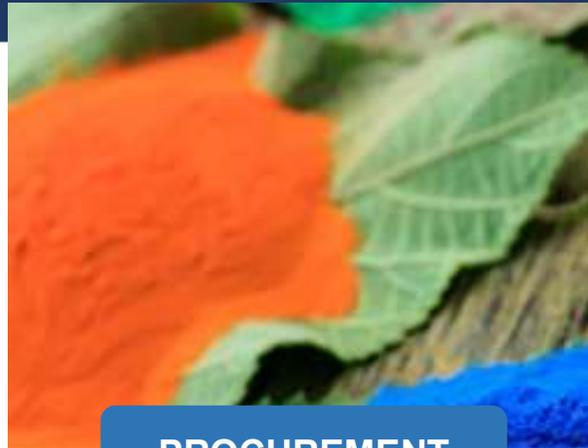
- \$6.25 bb Revenues
- \$1.0 bb Adj. EBIT on an annualized run rate
- \$1.5 bb Return of Capital

MAP to Growth Drives Bottom-Line Success



MANUFACTURING

- Consolidated manufacturing and distribution facilities; closed 25 out of the 31 plants that were originally targeted for closure.
- Shed \$90 million of low-margin product lines as of 5/31/20 to free resources for more value-added, EBIT-accretive volume.
- Investing in new equipment, improving production methods and leveraging internal manufacturing network to provide increased capacity and produce more efficiently.
- Carefully consolidating production to ensure there is adequate safety stock to maintain service levels.



PROCUREMENT

- Center led procurement has narrowed and strengthen our supplier relationships.
- Negotiated supplier contracts and secured improved pricing and terms, which positions us as a stronger strategic partner with major suppliers.
- Focused on raw material costs in key product categories to grow earnings.
- Maintained strong global supply chain.
- Continuing to find categories beyond raw materials that add to the pipeline and maintain the momentum of savings (e.g., indirect spending, transportation).



G&A

- Realigned to four operating segments, each with a new President.
- Delayed management and streamlined workforce.
- Transitioned to center-led legal and compliance and implemented shared services model for improved efficiencies.
- Eliminated multiple accounting locations.
- Consolidating 75 ERP systems to more effectively leverage data business operations.

RPM 27% Ahead of Initial Targets

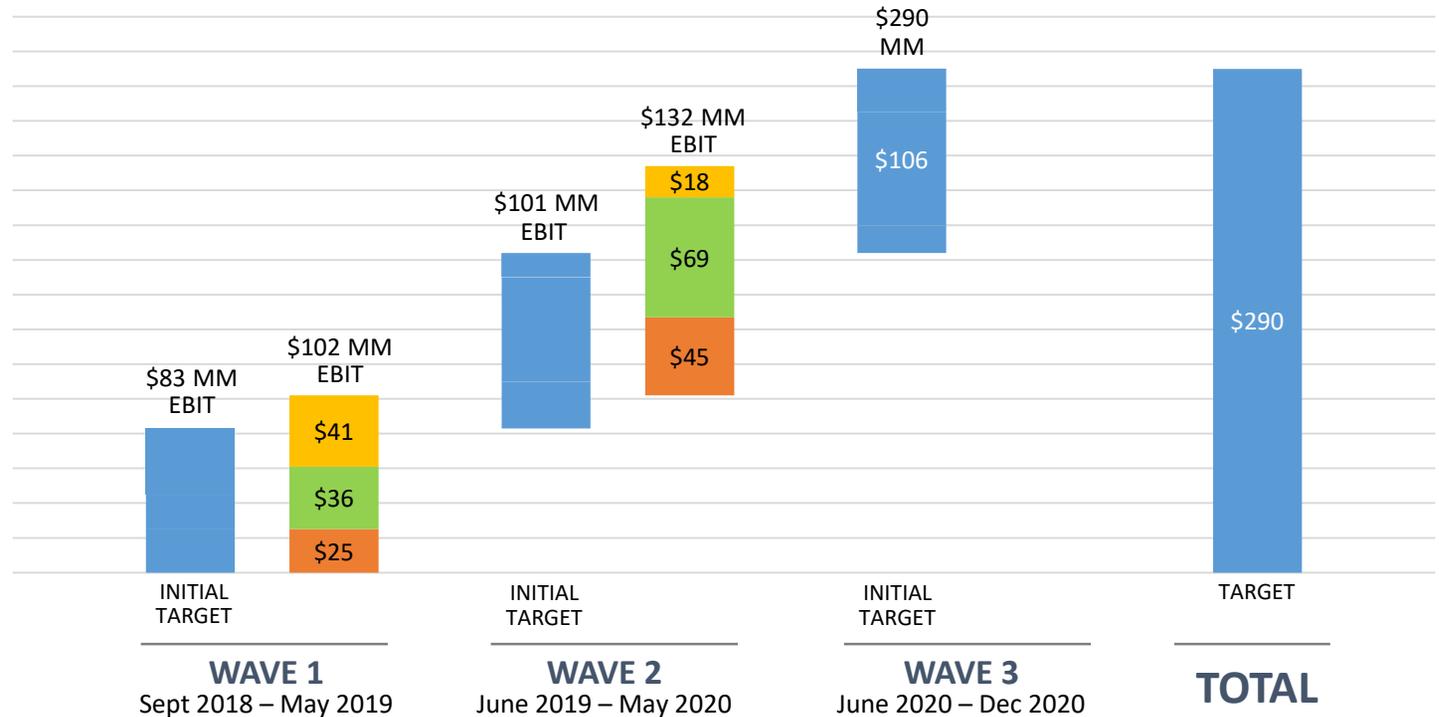


WAVES PLAN MAP 2020

Annualized
Run Rate

\$ in millions

- MANUFACTURING
- PROCUREMENT
- G&A



- From FY18 baseline, two-year effort has added \$234MM in annualized run rate benefit, \$50MM ahead of original targets
- Wave 3 timeline extended 6 to 12 months due to Coronavirus impact/interruptions
- Remain confident in exceeding total targeted savings of \$290MM by 5/31/21

RPM Quarterly Performance

FY2019 through FY2021



Growth	Q4 2019	Q1 2020	Q2 2020	Q3 2020	Q4 2020	Q1 2021	Q2 2021
Sales	2.8%	0.9%	2.8%	2.9%	-8.9%	9.1%	6.0%
Adjusted EBIT*	22.4%	25.3%	22.0%	30.4%	-11.5%	39.8%	29.7%
Adjusted Diluted EPS*	21.6%	25.0%	31.0%	76.9%	-8.9%	51.6%	39.5%

* Adjusted EBIT growth and adjusted EPS growth are non-GAAP financial measures.

Fiscal 2021 Second-Quarter *Reported* Results



(\$ in millions, except per share amounts)

CONSOLIDATED			
Three months ended	Nov 30 2020	Nov 30 2019	%
Sales	\$1,486	\$1,401	+6.0%
EBIT ¹	\$179	\$119	+49.8%
Net Income	\$128	\$77	+65.7%
Diluted EPS	\$0.98	\$0.59	+66.1%

SEGMENT RESULTS

CONSTRUCTION PRODUCTS GROUP

Three months ended	Nov 30 2020	Nov 30 2019	%
Sales	\$504	\$500	+0.8%
EBIT ¹	\$74	\$59	+25.0%

PERFORMANCE COATINGS GROUP

Three months ended	Nov 30 2020	Nov 30 2019	%
Sales	\$259	\$293	(11.6)%
EBIT ¹	\$24	\$33	(27.8)%

CONSUMER GROUP

Three months ended	Nov 30 2020	Nov 30 2019	%
Sales	\$548	\$451	+21.4%
EBIT ¹	\$88	\$35	+156.2%

SPECIALTY PRODUCTS GROUP

Three months ended	Nov 30 2020	Nov 30 2019	%
Sales	\$176	\$158	+11.3%
EBIT ¹	\$28	\$19	+51.7%

- During the fiscal 2021 second quarter, RPM achieved record second-quarter sales, earnings and cash flow.
- RPM's three of the four segments posted positive growth in the second quarter. Overall, results were outstanding on all fronts – revenue growth, margin improvement, and operating cash flow. This demonstrates a key benefit of RPM's balanced business model – diversity across its segments, where strength in one offsets weakness in another.
- RPM continued to benefit from successful implementation of its MAP to Growth operating improvement plan, which enabled the company to leverage second-quarter sales growth into even stronger bottom-line results.
- (1) EBIT is a non-GAAP financial measure. Refer to Appendix for reconciliations between GAAP and non-GAAP measures.

Fiscal 2021 Second-Quarter *Adjusted* Results



(\$ in millions, except per share amounts)

CONSOLIDATED			
Three months ended	Nov 30 2020	Nov 30 2019	%
Sales	\$1,486	\$1,401	+6.0%
EBIT ¹	\$199	\$154	+29.7%
EBIT Margin ¹	13.4%	11.0%	+240 bps
Diluted EPS ¹	\$1.06	\$0.76	+39.5%

- Adjusted EBIT and EBIT Margin excludes \$18.6 million in charges for restructuring related to the MAP to Growth and other charges during the fiscal 2021 second quarter, as well as a \$2.0 million charge for the resolution of a legacy investigation by the SEC. The same period of fiscal 2020 excludes charges of \$34.4 million for restructuring and acquisition-related costs.
- Investments resulted in a net pre-tax gain of \$7.5 million for the second quarter of fiscal 2021 and \$5.9 million during the same quarter last year. These gains are excluded from adjusted diluted EPS.
- (1) Adjusted EBIT and Adjusted Diluted EPS are non-GAAP financial measures. Refer to Appendix for reconciliations between GAAP and non-GAAP measures.

SEGMENT RESULTS

CONSTRUCTION PRODUCTS GROUP

Three months ended	Nov 30 2020	Nov 30 2019	%
Sales	\$504	\$500	+0.8%
EBIT ¹	\$78	\$62	+26.8%
EBIT Margin ¹	15.6%	12.4%	+320 bps

PERFORMANCE COATINGS GROUP

Three months ended	Nov 30 2020	Nov 30 2019	%
Sales	\$259	\$293	(11.6)%
EBIT ¹	\$28	\$37	(24.2)%
EBIT Margin ¹	10.8%	12.6%	(180) bps

CONSUMER GROUP

Three months ended	Nov 30 2020	Nov 30 2019	%
Sales	\$548	\$451	+21.4%
EBIT ¹	\$91	\$55	+65.8%
EBIT Margin ¹	16.6%	12.1%	+450 bps

SPECIALTY PRODUCTS GROUP

Three months ended	Nov 30 2020	Nov 30 2019	%
Sales	\$176	\$158	+11.3%
EBIT ¹	\$30	\$23	+27.7%
EBIT Margin ¹	16.8%	14.7%	+210 bps

Fiscal 2021 Six-Month *Reported* Results



(\$ in millions, except per share amounts)

CONSOLIDATED			
6 months ended	Nov 30 2020	Nov 30 2019	%
Sales	\$3,093	\$2,874	+7.6%
EBIT ¹	\$429	\$285	+50.5%
Net Income	\$308	\$183	+68.2%
Diluted EPS	\$2.37	\$1.41	+68.1%

SEGMENT RESULTS			
CONSTRUCTION PRODUCTS GROUP			
6 months ended	Nov 30 2020	Nov 30 2019	%
Sales	\$1,051	\$1,036	+1.5%
EBIT ¹	\$174	\$144	+21.2%
PERFORMANCE COATINGS GROUP			
6 months ended	Nov 30 2020	Nov 30 2019	%
Sales	\$519	\$590	(12.1)%
EBIT ¹	\$53	\$61	(14.5)%
CONSUMER GROUP			
6 months ended	Nov 30 2020	Nov 30 2019	%
Sales	\$1,189	\$930	+27.8%
EBIT ¹	\$221	\$94	+135.9%
SPECIALTY PRODUCTS GROUP			
6 months ended	Nov 30 2020	Nov 30 2019	%
Sales	\$334	\$318	+5.0%
EBIT ¹	\$49	\$42	+16.5%

- For the fiscal 2021 first half, organic sales increased 6.5%, while acquisitions added 1.4%. Foreign currency translation reduced sales by 0.3%.
- Fiscal 2021 first-half consolidated EBIT was up 50.5%, net income increased 68.2% and diluted EPS was up 68.1%, largely due to the MAP to Growth operating improvement program.
- (1) EBIT is a non-GAAP financial measure. Refer to Appendix for reconciliations between GAAP and non-GAAP measures.

Fiscal 2021 Six-Month *Adjusted* Results



(\$ in millions, except per share amounts)

CONSOLIDATED			
6 months ended	Nov 30 2020	Nov 30 2019	%
Sales	\$3,093	\$2,874	+7.6%
EBIT ¹	\$468	\$346	+35.3%
EBIT Margin ¹	15.1%	12.0%	+310 bps
Diluted EPS ¹	\$2.50	\$1.71	+46.2%

- Adjusted EBIT and adjusted EBIT Margin excludes restructuring and other charges of \$37.4 million during the fiscal 2021 second quarter, as well as a \$2.0 million charge for the resolution of a legacy SEC investigation. The same period of fiscal 2020 excludes the impact of charges of \$61.2 million primarily for restructuring and acquisitions.
- Investments resulted in a net pre-tax gain of \$18.1 million for the first half of fiscal 2021 and \$8.7 million during the same period last year. These gains are excluded from adjusted diluted EPS.
- (1) Adjusted EBIT and Adjusted Diluted EPS are non-GAAP financial measures. Refer to Appendix for reconciliations between GAAP and non-GAAP measures.

SEGMENT RESULTS

CONSTRUCTION PRODUCTS GROUP

6 months ended	Nov 30 2020	Nov 30 2019	%
Sales	\$1,051	\$1,036	+1.5%
EBIT ¹	\$181	\$149	+21.5%
EBIT Margin ¹	17.2%	14.4%	+280 bps

PERFORMANCE COATINGS GROUP

6 months ended	Nov 30 2020	Nov 30 2019	%
Sales	\$519	\$590	(12.1)%
EBIT ¹	\$59	\$74	(20.3)%
EBIT Margin ¹	11.4%	12.5%	(110) bps

CONSUMER GROUP

6 months ended	Nov 30 2020	Nov 30 2019	%
Sales	\$1,189	\$930	+27.8%
EBIT ¹	\$227	\$116	+95.4%
EBIT Margin ¹	19.1%	12.5%	+660 bps

SPECIALTY PRODUCTS GROUP

6 months ended	Nov 30 2020	Nov 30 2019	%
Sales	\$334	\$318	+5.0%
EBIT ¹	\$54	\$52	+3.6%
EBIT Margin ¹	16.1%	16.3%	(20) bps

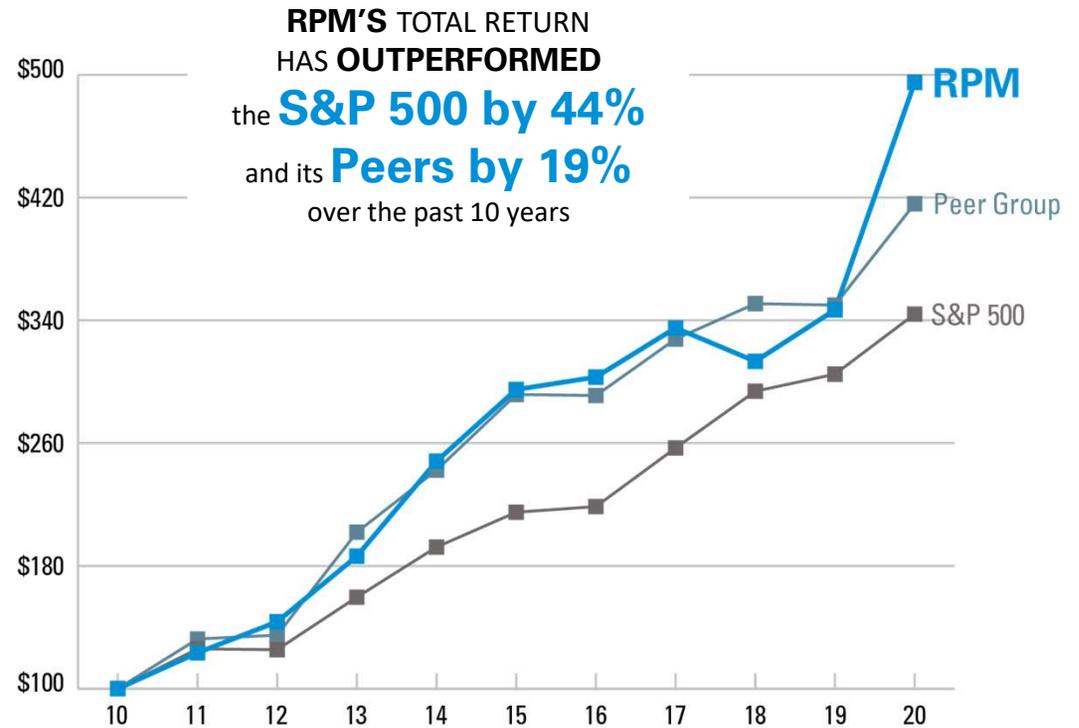
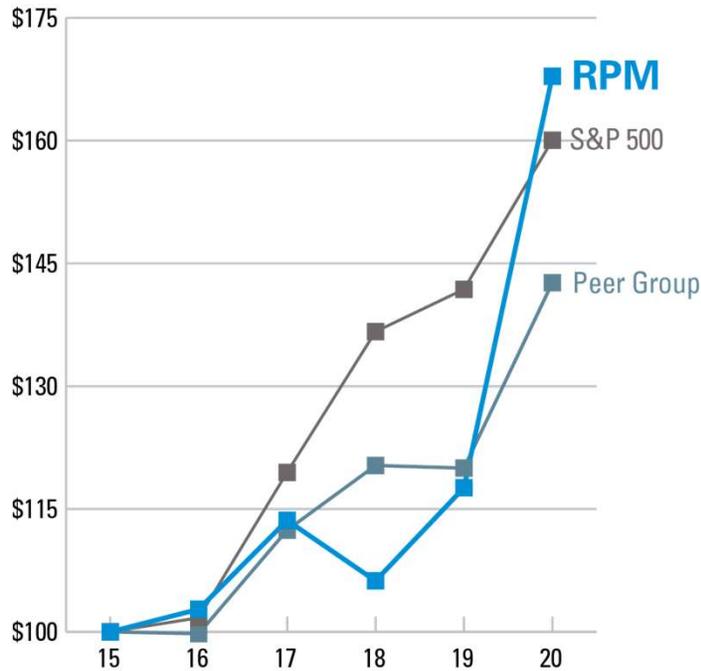
Record Cash Flow Generated in FY21



(\$ in millions)

SUMMARIZED CASH FLOW AND FREE CASH FLOW METRICS		
	<i>6 mo Ended Nov 30 2020</i>	<i>6 mo Ended Nov 30 2019</i>
Net Income	\$309	\$184
Stock-based Compensation	\$ 21	\$ 13
Depreciation & Amortization	\$ 73	\$ 78
Working Capital	\$ 121	\$ 72
Accrued Compensation & Benefits	(\$ 29)	(\$ 54)
Restructuring Charges, Net of Payments	(\$ 2)	(\$ 2)
Increase in Other Liabilities	\$ 89	\$ 14
All Other Items	<u>(\$ 2)</u>	<u>(\$ 5)</u>
Cash From Operating Activities	\$580	\$300
Capital Expenditures	(\$ 71)	(\$ 71)
Cash Dividends	<u>(\$ 96)</u>	<u>(\$ 92)</u>
Free Cash Flow Source / (Use)	<u>\$413</u>	<u>\$ 137</u>

5-Year and 10-Year Cumulative Total Return Among RPM, the S&P 500 and a Customized Peer Group



This graph compares the cumulative five-year and ten-year total return provided stockholders on RPM International Inc.'s common stock relative to the cumulative total returns of the S&P 500 Index and a customized peer group of companies that includes: AkzoNobel N.V., Axalta Coating Systems Ltd., Ferro Corporation, GCP Applied Technologies Inc., H.B. Fuller Company, Masco Corporation, PPG Industries, Inc. and The Sherwin-Williams Company. An investment of \$100 (with reinvestment of all dividends) is assumed to have been made in RPM common stock, the peer group, and the index on 5/31/2015 and 5/31/2010 and their relative performance is tracked through 5/31/2020.

Delivering Value to Shareholders

Only 41 publicly traded U.S. companies have an equal or better record*



**\$2.6+ billion
Paid**

47

Consecutive
Years of
Dividend
Increases



**RPM returned approximately \$892 million to shareholders over prior 2 years:
\$367 million in cash dividends and \$525 million of diluted share repurchases**

*Sources: Mergent Handbook of Dividend Achievers, U.S.: Mergent Inc., July 22, 2020, ISBN 78-1641415750 and World Federation of Exchanges. (2018 August). Number of Listed Companies. Retrieved from <https://www.world-exchanges.org/home/index.php/statistics/monthly-reports>.

Operating Groups Drive Growth & Efficiency Through Four Reportable Segments



CONSTRUCTION PRODUCTS GROUP

FY20 Sales: \$1.9 billion - 34%



PERFORMANCE COATINGS GROUP

FY20 Sales: \$1.1 billion - 20%



CONSUMER GROUP

FY20 Sales: \$1.9 billion - 35%



SPECIALTY PRODUCTS GROUP

FY20 Sales: \$0.6 billion - 11%

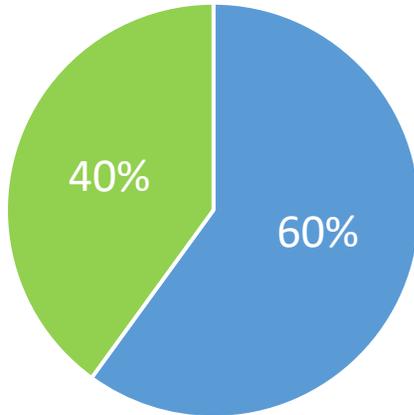


Entrepreneurial Approach to Customers with Leading Brands Driving Innovation and Growth
Center-Led in Operations and Administration, Driving Efficiency and Continuous Improvement
Value of 168: Transparency, Trust & Respect

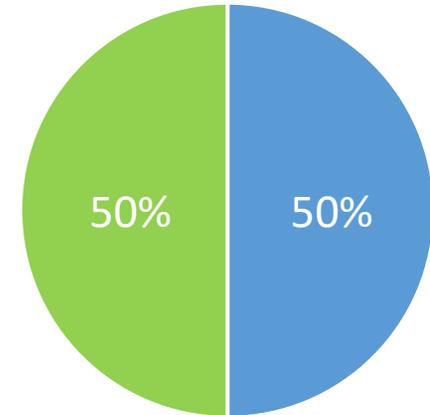
Strategic Balance: Repair & Maintenance vs. New Construction*



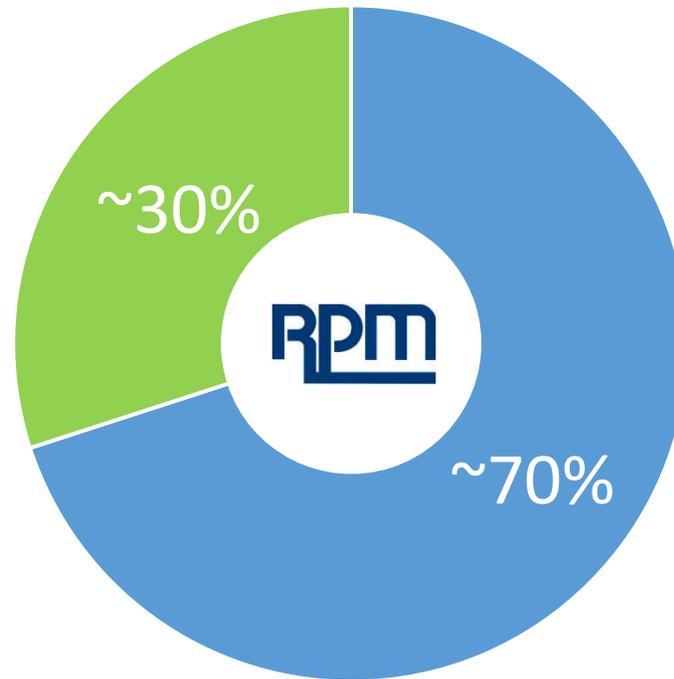
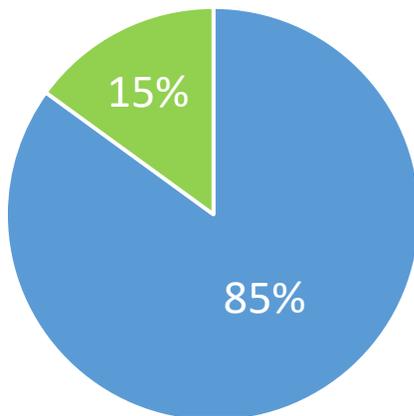
CONSTRUCTION PRODUCTS GROUP



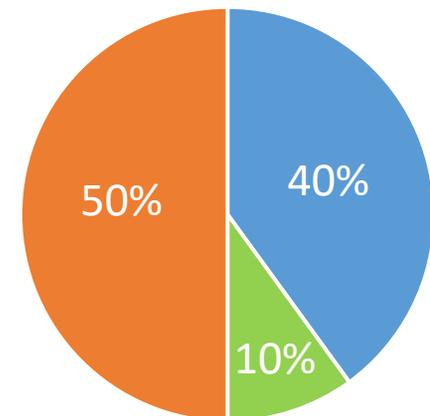
PERFORMANCE COATINGS GROUP



CONSUMER GROUP



SPECIALTY PRODUCTS GROUP

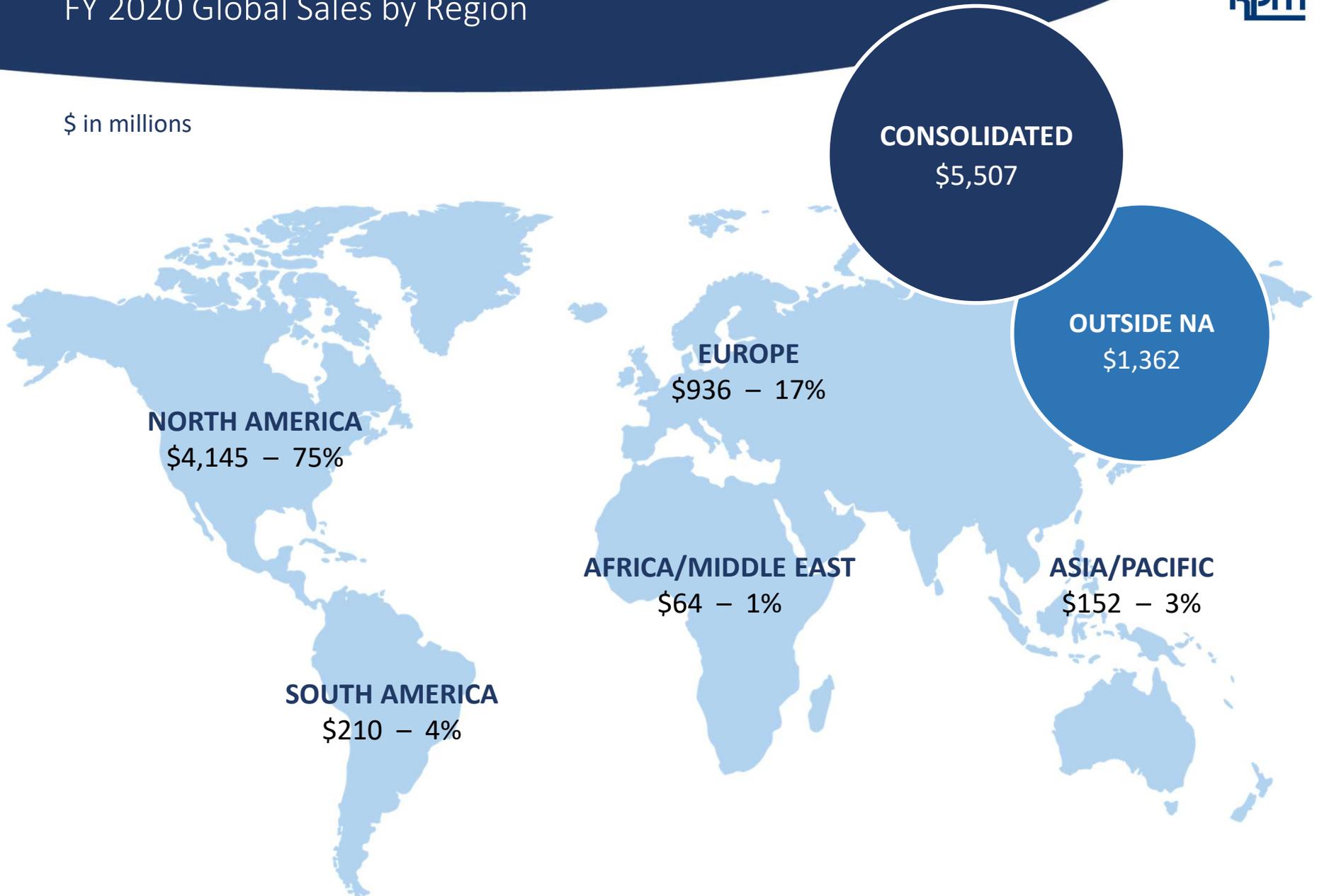


*Current estimates, which are subject to change based on actual operating mix.

FY 2020 Global Sales by Region



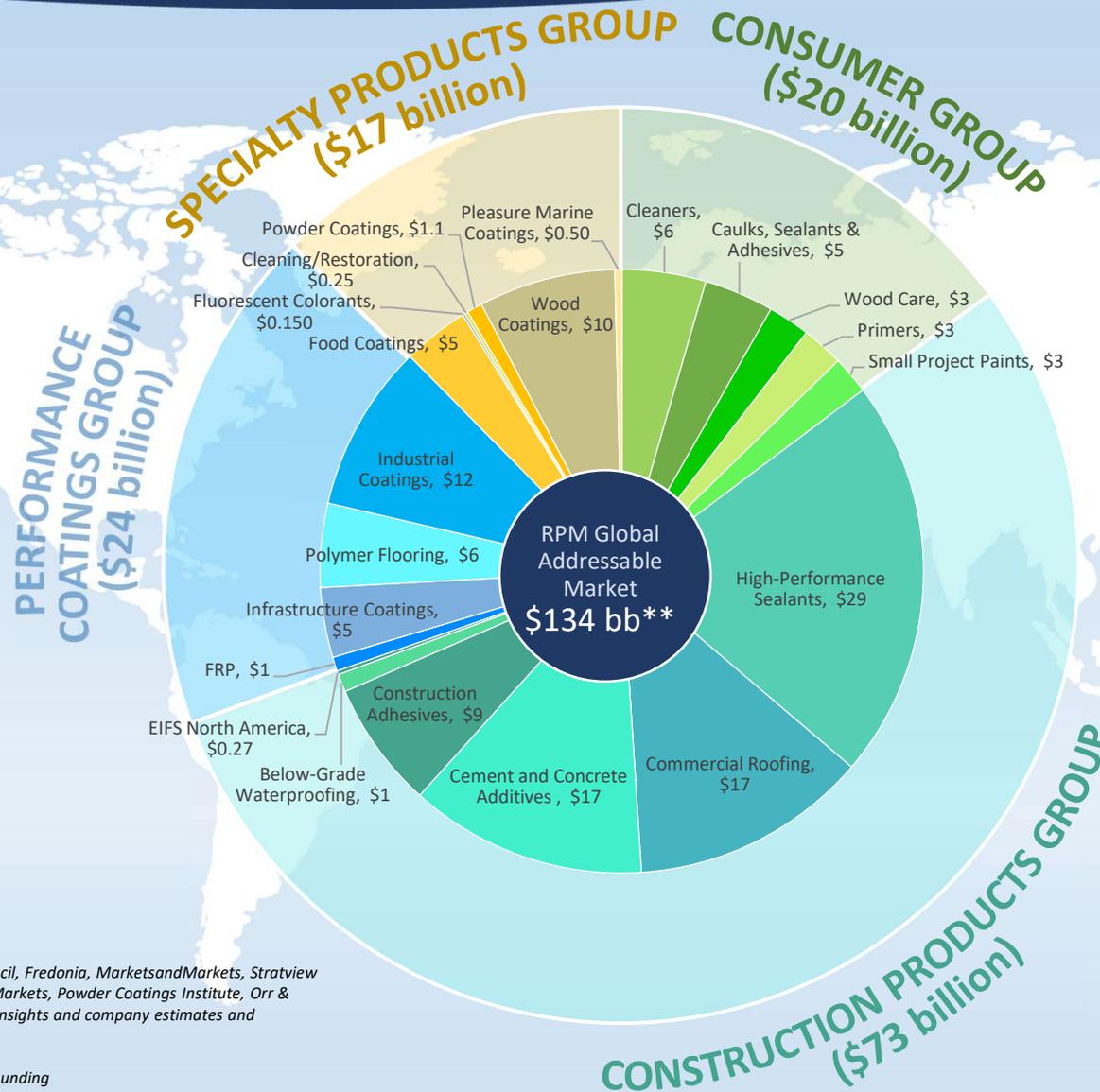
\$ in millions



RPM is Positioned to Grow in New Markets and Product Channels



\$ in billions



*Sources: Adhesive Sealant Council, Fredonia, MarketsandMarkets, Stratview Research, EIMA Members, Fior Markets, Powder Coatings Institute, Orr & Boss Consulting, Global Market Insights and company estimates and Management's estimates.

** figures may not add due to rounding

Construction Products Group

\$1.9 billion Fiscal 2020 Sales



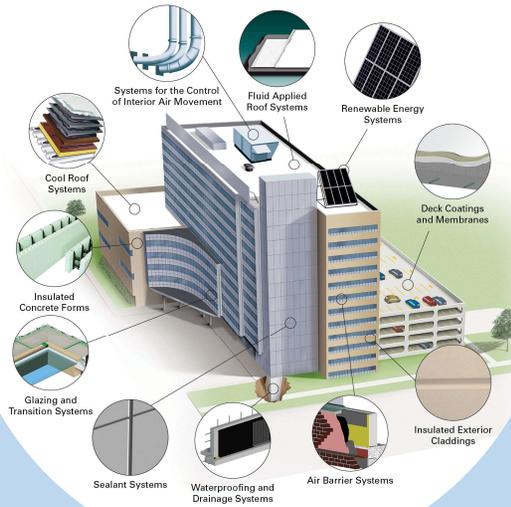
GLOBAL BRANDS



REGIONAL BRANDS



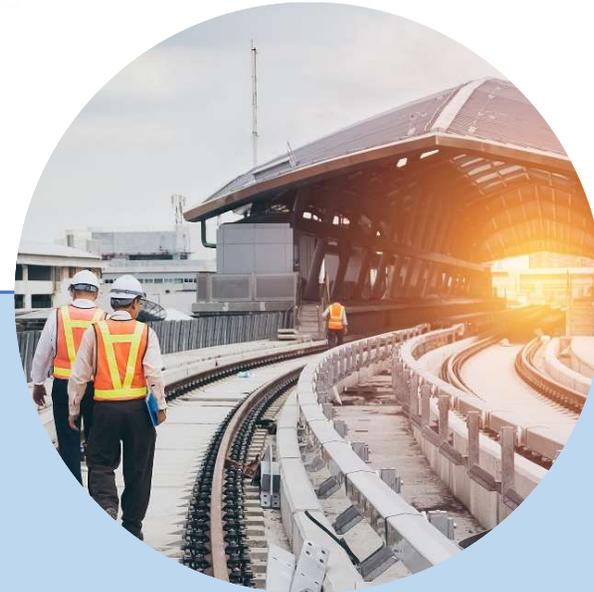
Construction Products Group Target Markets



6 sides of the Building

- + Floor (seamless)
- + Fire protection
- + Concrete

BUILDING ENVELOPE
Air | Moisture | Thermal



- Bridge
- Rail
- Transit
- Highway
- Tunnel
- Water
- Power

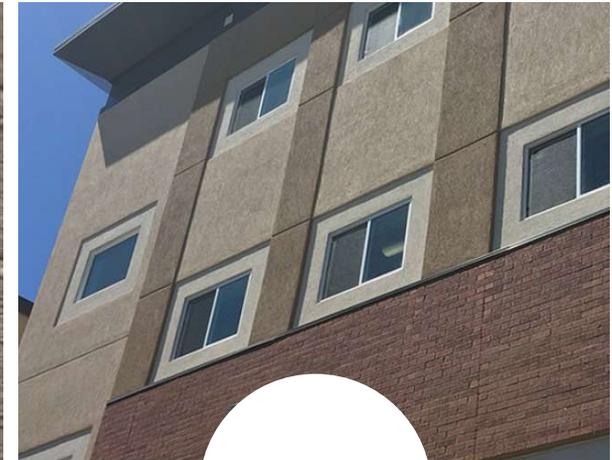
INFRASTRUCTURE
Concrete | Concrete Protection



Insulated Concrete Forms
Construct stronger, highly energy efficient concrete structures capable of withstanding hurricanes. Nudura's new XR35 form significantly increases insulation performance.



Eucon Baracade WPT
A water-repellent admixture used to improve the durability and surface integrity of concrete that is exposed to harsh weather conditions. Won Most Innovative Product Award at World of Concrete.



Outsulation Securock ExoAir 430
A collaborative solution between Dryvit and Tremco that forms an ultimate air/water barrier for the entire building enclosure while reducing construction costs.

Performance Coatings Group

\$1.1 billion Fiscal 2020 Sales



COATINGS

PROTECTIVE COATINGS



FLOOR SYSTEMS

SANITARY FLOORS FOOD & BEVERAGE



INFRASTRUCTURE

RESURFACING & REPAIRING BRIDGES



FRP GRATING

FIBERGLASS REINFORCED PLASTIC GRATINGS



FIREPROOFING SYSTEMS



FLOORS FOR COMMERCIAL SPACES



BUILDING MAINTENANCE SERVICES



RAILINGS

Performance Coatings Group Target Markets



- ▶ Manufacturing
Metals & Mining
Pulp & Paper
Technology

- ▶ Bridge & Highway
Water Wastewater
Transportation
Marine



- ▶ Commercial Spaces
Food & Beverage
Pharmaceutical
Healthcare

- ▶ Offshore Oil & Gas
Petrochemical
Power
Renewable Energy





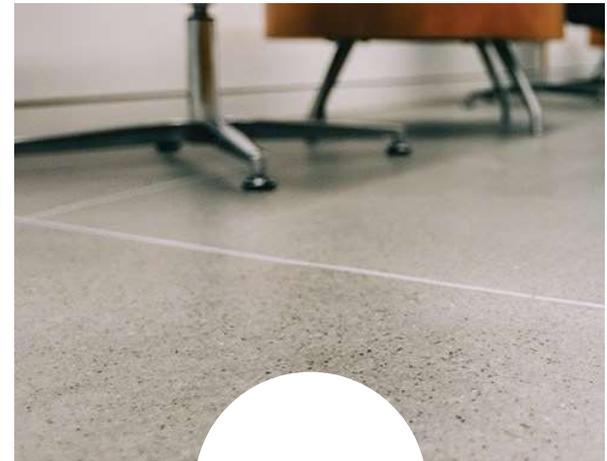
Pyrocrete 341

A cementitious fireproofing that provides hydrocarbon fire, jet fire and cryogenic spill protection for structural steel.



Soilok

This grout can stabilize soil, shut off water intrusion and contain hazardous material spills to prevent them from spreading below ground and into water sources.



Stoncrete EFX

A troweled, epoxy mortar system that has the look and feel of polished concrete, but with longer lasting durability and performance.

Consumer Group
\$1.9 billion Fiscal 2020 Sales



#1 Supplier in the
Small Project
Paint Category
Worldwide



#1 Caulk &
Sealant Supplier
in North America



Fastest Growing
Supplier of Wood
Finishes in North
America



#1 Primer Brand
in Customer
Satisfaction
among
Professionals in
North America



#1 Brand of Wall
Repair and
Spackle in North
America

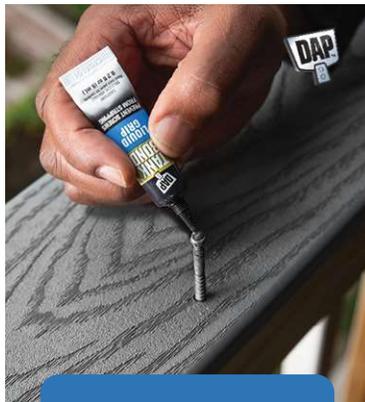
Consumer Group Target Markets



- **User Targets:** DIY/Makers, Professionals, Industrial
- **Understanding targets'** needs and unmet needs drives innovation machine
- **Over 30,000 user insights** have been gained in the past 24 months alone



DIY



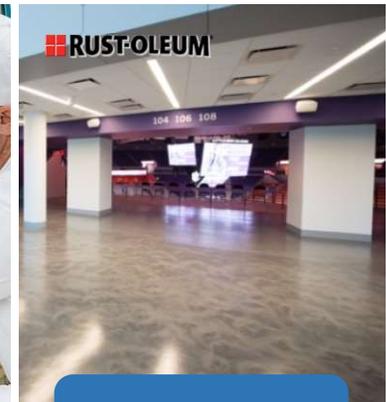
DIY



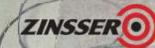
MAKERS



PROFESSIONALS



INDUSTRIAL





RUST-OLEUM

HOME Floor Coating

A durable, two-step coating that transforms the look of outdated floors in just one day without the need for sanding, stripping or priming.



ZINSSER

SmartCoat

Advanced paint and primer in one, a next-generation, intelligent paint line that makes painting walls easier than ever.



DAP

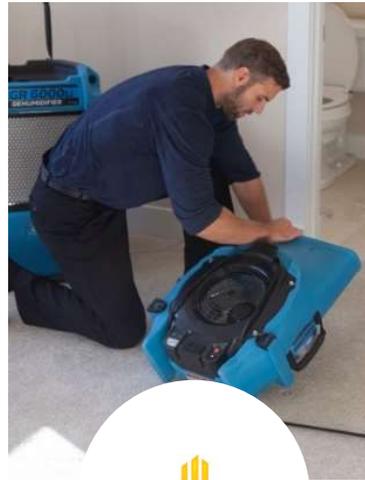
Eclipse Wall Repair Patches

Quickly and effectively fix the most common drywall damage with no spackling, sanding or additional tools for a completely mess-free repair. 4x stronger than drywall.

Specialty Products Group
\$0.6 billion Fiscal 2020 Sales



#1 Supplier of
Daylight
Fluorescent
Colorants
Worldwide



World Leading
Manufacturer of
Professional
Restoration and
Cleaning Solutions



#1 in North
America for
Professional
Touch-up and
Repair Products
for Furniture and
Cabinetry



Global Market
Leader in Water-
Based, Antifouling
Paints for the
Marine Industry

Specialty Products Group Target Markets



Food, Pharma,
Cosmetics



Packaging, Safety
Equipment,
Apparel



Agriculture,
Forestry, Lumber



Furniture and
Cabinetry



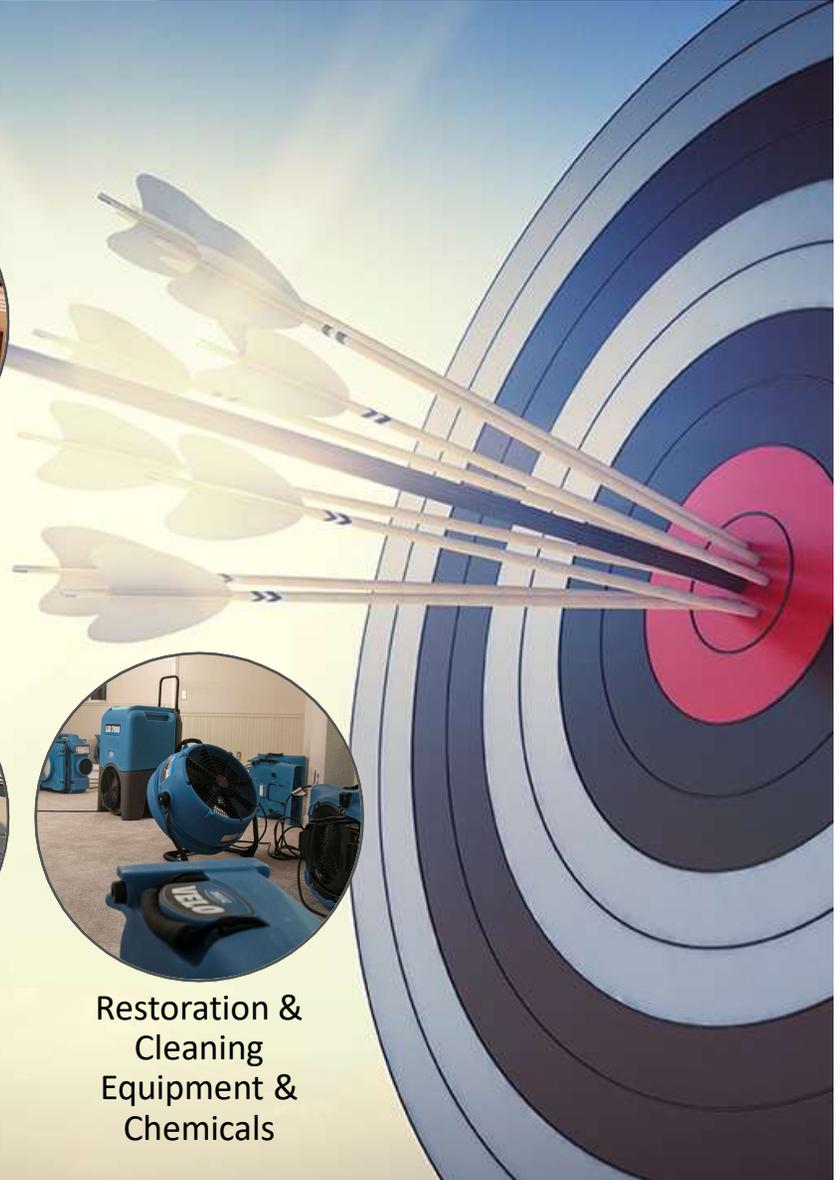
Appliance, Auto,
Marine,
Construction



Marine, Fuel,
Furniture
Protection,
Cosmetics



Restoration &
Cleaning
Equipment &
Chemicals





KOP-COAT

TRU-CORE for Engineered Woods

Fully penetrates wood from the inside out with anti-fungal, anti-insect and other protectants.



 Mantrose-Haeuser Co., Inc.

VerdeCoat

A new “green” barrier coating specially formulated for packaging using ingredients approved for direct food contact.



PETTIT


Underwater Antifouling Protection Kit

Running Gear Guardian provides superior protection for all underwater metals, such as shafts and propellers, at an affordable price point.

Acquisition Program Targets Niche Businesses with Leading Brands

Broadened focus beyond coatings and sealants to adjacent product categories, such as sanding, cleaning and others.



Schul International Co.



willseal



profile food INGREDIENTS



CRITERIA

- ✓ Successful, niche businesses with leading brands
- ✓ Above average gross profit margins
- ✓ 70% product line integrations
- ✓ 30% stand-alone with entrepreneurial leadership that stays

BENEFITS

- ★ Achieve revenue synergies
- ★ New channels
- ★ New geographies
- ★ New technologies
- ★ Great home for entrepreneurs

Intercompany Connections Drive Value Creation



Rust-Oleum and Tremco
Leveraging Rust-Oleum's retail relationships to expand the reach of Tremco's product to contractors large and small

Tremco and Fibergate
Connect to bring new rooftop safety solutions to market



Wood Finishes and Rust-Oleum
Wood Finishes manufactures stains and coatings marketed under Rust-Oleum's Varathane brand



RPM is Building a Better World



From homes and
workplaces,



to infrastructure,



and precious
landmarks...

...RPM's products are trusted by consumers and professionals worldwide to **beautify** structures, **protect** them from harsh environments, **prolong** their lifecycles and **enhance** their sustainability.

Consolidated Statements of Income



(\$ in thousands, except per share and percent data)
(Unaudited)

	Three Months Ended November 30				
	2020	%	2019	%	% Change
Net Sales	\$ 1,485,915		\$ 1,401,292		6.0
Cost of Sales	899,743	60.6	871,894	62.2	
Gross Profit	586,172	39.4	529,398	37.8	
SG&A	399,418	26.9	403,357	28.8	
Restructuring Expense	4,918	0.3	4,801	0.4	
Other Expense, Net	3,133	0.2	1,951	0.1	
EBIT* (non-GAAP measure)	178,703	12.0	119,289	8.5	49.8
Interest Expense	21,266	1.4	26,341	1.9	
Investment (Income), Net	(9,519)	(0.6)	(8,805)	(0.6)	
Income Before Taxes	166,956	11.2	101,753	7.2	
Provision for Income Taxes	39,072	2.6	24,431	1.7	
Net Income	127,884	8.6	77,322	5.5	65.4
Less: Net Income Attributable to Noncontrolling Interests	225	0.0	292	0.0	
Net Income Attributable to RPM Stockholders	\$ 127,659	8.6	\$ 77,030	5.5	65.7
Diluted EPS	\$ 0.98		\$ 0.59		66.1

*EBIT is defined as earnings (loss) before interest and taxes. Management uses EBIT, as defined, as a measure of operating performance, since interest expense, net, essentially relates to corporate functions, as opposed to segment operations.

Consolidated Statements of Income



(\$ in thousands, except per share and percent data)
(Unaudited)

	Six Months Ended November 30				
	2020	%	2019	%	% Change
Net Sales	\$ 3,092,586		\$ 2,874,056		7.6
Cost of Sales	1,852,759	59.9	1,769,904	61.6	
Gross Profit	1,239,827	40.1	1,104,152	38.4	
SG&A	795,370	25.7	803,923	28.0	
Restructuring Expense	9,151	0.3	11,423	0.4	
Other Expense, Net	6,251	0.2	3,736	0.1	
EBIT* (non-GAAP measure)	429,055	13.9	285,070	9.9	50.5
Interest Expense	43,011	1.4	54,658	1.9	
Investment (Income), Net	(22,281)	(0.7)	(14,190)	(0.5)	
Income Before Taxes	408,325	13.2	244,602	8.5	
Provision for Income Taxes	99,655	3.2	60,784	2.1	
Net Income	308,670	10.0	183,818	6.4	67.9
Less: Net Income Attributable to Noncontrolling Interests	416	0.0	600	0.0	
Net Income Attributable to RPM Stockholders	\$ 308,254	10.0	\$ 183,218	6.4	68.2
Diluted EPS	\$ 2.37		\$ 1.41		68.1

*EBIT is defined as earnings (loss) before interest and taxes. Management uses EBIT, as defined, as a measure of operating performance, since interest expense, net, essentially relates to corporate functions, as opposed to segment operations.

The following are the non-GAAP financial measures used in this presentation:

- **EBIT** is defined as earnings (loss) before interest and taxes. Management uses EBIT, as defined, as a measure of operating performance, since interest expense, net, essentially relates to corporate functions, as opposed to segment operations. Tables reconciling this non-GAAP data with GAAP measures are available in the appendix of this presentation.
- **Adjusted EBIT** is defined as earnings (loss) before interest and taxes, adjusted for items that management does not consider to be indicative of ongoing operations. Management uses Adjusted EBIT, as defined, as a measure of operating performance, since interest expense, net, essentially relates to corporate functions, as opposed to segment operations. Tables reconciling this non-GAAP data with GAAP measures are available in the appendix of this presentation.
- **Adjusted Diluted EPS** is provided for the purpose of adjusting diluted earnings per share for items impacting earnings that are not considered by management to be indicative of ongoing operations. For example, investment returns including realized net gains and losses on sales of investments and unrealized net gains and losses on equity securities are excluded from the calculation of Adjusted Diluted EPS due to their inherent volatility. Management does not consider these gains and losses, which cannot be predicted with any level of certainty, to be reflective of the company's core business operations.

Free Cash Flow Generation (Non-GAAP Measure)



(\$ in thousands)

	Fiscal Year Ended May 31,				
	2020	2019	2018	2017	2016
<u>Cash Flows from Operating Activities:</u>					
Net income	\$ 305,082	\$ 267,687	\$ 339,257	\$ 184,671	\$ 357,458
Depreciation and amortization	156,842	141,742	128,499	116,773	111,039
Working capital and all other operating activities	87,995	(116,488)	(77,373)	84,683	6,209
Cash Flow from Operations (GAAP)	549,919	292,941	390,383	386,127	474,706
<u>Cash Flows from Investing Activities:</u>					
Capital expenditures	(147,756)	(136,757)	(114,619)	(126,109)	(117,183)
<u>Cash Flows from Financing Activities:</u>					
Dividends	(185,101)	(181,409)	(167,476)	(156,752)	(144,350)
Free Cash Flow (non-GAAP measure)	217,062	(25,225)	108,288	103,266	213,173
All other investing activities	(61,857)	(111,489)	(146,574)	(213,556)	(48,683)
All other financing activities	(131,769)	127,567	(71,900)	192,723	(61,755)
Effect of exchange rate changes on cash and short-term investments	(13,188)	(12,107)	4,111	2,912	(12,294)
Net increase (decrease) in cash and short-term investments (GAAP)	\$ 10,248	\$ (21,254)	\$ (106,075)	\$ 85,345	\$ 90,441

Management views Free Cash Flow, a non-GAAP measure, as an excellent reflection of RPM's remaining cash flow to be used to acquire complementary businesses, reduce debt levels, or a combination there of, after supporting the organic growth needs of its businesses, including their working capital and capital expenditure needs, and after supporting RPM's dividend program.

Adjustments Detail



- (a) Inventory related charges reflect the following in fiscal 2021: Charges recorded in Cost of Goods Sold that reflect product line and SKU rationalization at our Consumer Segment and the reversal of prior period product line and SKU rationalization inventory charges due to the sale of immaterial amounts of previously reserved inventory at our Consumer Segment; Inventory related charges reflect the following in fiscal 2020: Charges recorded in Cost of Goods Sold that reflect product line and SKU rationalization at our Consumer Segment, as well as inventory write-offs in connection with restructuring activities at our Construction Products and Performance Coatings segments.
- (b) Reflects restructuring charges, including headcount reductions, closures of facilities and related costs, and accelerated vesting of equity awards in connection with key executives, all in relation to our Margin Acceleration Plan (“MAP to Growth”).
- (c) Includes accelerated depreciation and amortization expense related to the shortened useful lives of facilities and equipment, ERP systems, and intangible that are currently in use, but are in the process of being retired associated with various MAP to Growth initiatives including facility closures, exiting a business, and ERP consolidation.
- (d) Reflects the increase in our allowance for doubtful accounts deemed uncollectible as a result of a change in market and leadership strategy, offset by subsequent collections.
- (e) Includes implementation costs associated with our ERP consolidation plan.
- (f) Comprises professional fees incurred in connection with our MAP to Growth.
- (g) Acquisition costs reflect amounts included in gross profit for inventory step-ups.
- (h) Reflects unusual compensation costs recorded during fiscal 2021 and 2020 that resulted from executive departures related to our MAP to Growth, including stock and deferred compensation plan arrangements.
- (i) Reflects unusual compensation costs, net of insurance proceeds that resulted from executive departures unrelated to our MAP to Growth
- (j) Reflects true-up of reserves related to prior period gains or losses incurred upon divestiture of a business and/or assets.
- (k) Reflects charges related to the discontinuation of a product line targeting OEM markets and related prepaid asset and inventory write-off, offset by subsequent recoveries. This resulted from ongoing product line rationalization efforts in connection with our MAP to Growth.
- (l) Reflects the favorable adjustment as a result of the resolution of a contingent liability related to a FY18 charge to exit our Flowcrete business in China.
- (m) Reflects charges related to the Final Judgment entered by the Court, resolving our legacy “SEC Investigation & Enforcement Action.”
- (n) Investment returns include realized net gains and losses on sales of investments and unrealized net gains and losses on equity securities, which are adjusted due to their inherent volatility. Management does not consider these gains and losses, which cannot be predicted with any level of certainty, to be reflective of the company's core business operations.

Reconciliation of "Reported" to "Adjusted" EPS



(Unaudited)

<u>Reconciliation of Reported Earnings per Diluted Share to Adjusted Earnings per Diluted Share (All amounts presented after-tax):</u>	<u>Three Months Ended November 30</u>	
	<u>2020</u>	<u>2019</u>
Reported Earnings per Diluted Share	\$ 0.98	\$ 0.59
Inventory-related charges (a)	-	0.03
Restructuring expense (b)	0.03	0.03
Accelerated expense - other (c)	0.02	0.05
ERP consolidation plan (e)	0.01	0.02
Professional fees (f)	0.05	0.03
Acquisition-related costs (g)	0.01	-
Discontinued product line (k)	-	0.05
SEC Settlement (m)	0.01	-
Investment returns (n)	(0.05)	(0.04)
Adjusted Earnings per Diluted Share*	\$ 1.06	\$ 0.76

*Adjusted EPS is provided for the purpose of adjusting diluted earnings per share for items impacting earnings that are not considered by management to be indicative of ongoing operations.

NOTE: Refer to the Adjustments Detail slide for all adjustments detail.

Reconciliation of "Reported" to "Adjusted" EPS



(Unaudited)

Reconciliation of Reported Earnings per Diluted Share to Adjusted Earnings per Diluted Share (All amounts presented after-tax):

Six Months Ended November 30

	<u>2020</u>		<u>2019</u>	
Reported Earnings per Diluted Share	\$	2.37	\$	1.41
Inventory-related charges (a)		0.01		0.05
Restructuring expense (b)		0.06		0.07
Accelerated expense - other (c)		0.02		0.05
Receivable write-offs (d)		-		0.02
ERP consolidation plan (e)		0.01		0.04
Professional fees (f)		0.10		0.08
Acquisition-related costs (g)		0.01		-
Unusual costs triggered by executive departures (h)		0.02		-
Discontinued product line (k)		-		0.05
SEC Settlement (m)		0.01		-
Investment returns (n)		(0.11)		(0.06)
Adjusted Earnings per Diluted Share*	\$	2.50	\$	1.71

*Adjusted EPS is provided for the purpose of adjusting diluted earnings per share for items impacting earnings that are not considered by management to be indicative of ongoing operations.

NOTE: Refer to the Adjustments Detail slide for all adjustments detail.

EBIT** (Non-GAAP Measure): RPM Consolidated



(\$ in thousands, except per share and percent data)
(Unaudited)

	Three Months Ended November 30	
	2020	2019
Net Income	\$ 127,884	\$ 77,322
Provision for Income Taxes	39,072	24,431
Income Before Income Taxes	166,956	101,753
Interest Expense	21,266	26,341
Investment (Income), Net	(9,519)	(8,805)
EBIT* (non-GAAP measure)	178,703	119,289
Inventory-related charges (a)	(182)	5,582
Restructuring Expense (b)	5,468	5,100
Accelerated expense - other (c)	2,479	7,412
Receivable write-offs (recoveries) (d)	(198)	94
ERP consolidation plan (e)	900	2,720
Professional fees (f)	8,494	4,779
Acquisition-related costs (g)	1,178	35
Unusual costs triggered by executive departures (h)	-	292
Unusual executive costs, net of insurance proceeds (i)	49	-
Divestitures (j)	677	(264)
Discontinued product line (k)	(9)	8,618
Adjustment to exit Flowcrete China (l)	(305)	-
SEC Settlement (m)	2,000	-
Adjusted EBIT** (non-GAAP measure)	\$ 199,254	\$ 153,657
Net Sales	\$ 1,485,915	\$ 1,401,292
Adj EBIT** as a % of Net Sales (non-GAAP measure)	13.4%	11.0%

*EBIT is defined as earnings (loss) before interest and taxes. Management uses EBIT, as defined, as a measure of operating performance, since interest expense, net, essentially relates to corporate functions, as opposed to segment operations.

**Adjusted EBIT is provided for the purpose of adjusting for one-off items impacting revenue and/or expenses that are not considered by management to be indicative of ongoing operations.

NOTE: Refer to the Adjustments Detail slide for all adjustments detail.

EBIT** (Non-GAAP Measure): RPM Consolidated



(\$ in thousands, except per share and percent data)
(Unaudited)

	Six Months Ended November 30	
	2020	2019
Net Income	\$ 308,670	\$ 183,818
Provision for Income Taxes	99,655	60,784
Income Before Income Taxes	408,325	244,602
Interest Expense	43,011	54,658
Investment (Income), Net	(22,281)	(14,190)
EBIT* (non-GAAP measure)	429,055	285,070
Inventory-related charges (a)	478	8,807
Restructuring expense (b)	10,163	11,929
Accelerated expense - other (c)	4,014	8,464
Receivable write-offs (recoveries) (d)	(335)	3,227
ERP consolidation plan (e)	2,269	6,244
Professional fees (f)	16,771	12,925
Acquisition-related costs (g)	1,178	583
Unusual costs triggered by executive departures (h)	2,831	639
Unusual executive costs, net of insurance proceeds (i)	56	-
Divestitures (j)	668	(264)
Discontinued product line (k)	(384)	8,618
Adjustment to exit Flowcrete China (l)	(305)	-
SEC Settlement (m)	2,000	-
Adjusted EBIT** (non-GAAP measure)	\$ 468,459	\$ 346,242
Net Sales	\$ 3,092,586	\$ 2,874,056
Adj EBIT** as a % of Net Sales (non-GAAP measure)	15.1%	12.0%

*EBIT is defined as earnings (loss) before interest and taxes. Management uses EBIT, as defined, as a measure of operating performance, since interest expense, net, essentially relates to corporate functions, as opposed to segment operations.

**Adjusted EBIT is provided for the purpose of adjusting for one-off items impacting revenue and/or expenses that are not considered by management to be indicative of ongoing operations.

NOTE: Refer to the Adjustments Detail slide for all adjustments detail.

EBIT** (Non-GAAP Measure): Construction Products Segment



(\$ in thousands, except per share and percent data)
(Unaudited)

	Three Months Ended November 30	
	2020	2019
Income Before Income Taxes	\$ 71,832	\$ 57,123
Add: Interest Expense, Net*	2,141	2,074
EBIT** (non-GAAP measure)	73,973	59,197
Restructuring expense (b)	2,447	1,896
Accelerated expense - other (c)	1,399	438
Receivable write-offs (recoveries) (d)	-	(20)
ERP consolidation plan (e)	68	293
Professional fees (f)	204	67
Divestitures (j)	676	-
Adjustment to exit Flowcrete China (l)	(305)	-
Adjusted EBIT*** (non-GAAP measure)	\$ 78,462	\$ 61,871
Net Sales	\$ 503,520	\$ 499,510
Adj EBIT*** as a % of Net Sales (non-GAAP measure)	15.6%	12.4%

*Interest expense, net includes the combination of interest (income) expense and investment (income) expense, net.

**EBIT is defined as earnings (loss) before interest and taxes. Management uses EBIT, as defined, as a measure of operating performance, since interest expense, net, essentially relates to corporate functions, as opposed to segment operations.

***Adjusted EBIT is provided for the purpose of adjusting for one-off items impacting revenue and/or expenses that are not considered by management to be indicative of ongoing operations.

NOTE: Refer to the Adjustments Detail slide for all adjustments detail.

EBIT** (Non-GAAP Measure): Construction Products Segment



(\$ in thousands, except per share and percent data)
(Unaudited)

	Six Months Ended November 30	
	2020	2019
Income Before Income Taxes	\$ 170,182	\$ 139,803
Add: Interest Expense, Net*	4,251	4,101
EBIT** (non-GAAP measure)	174,433	143,904
Inventory-related charges (a)	(51)	271
Restructuring expense (b)	3,492	2,952
Accelerated expense - other (c)	2,096	640
Receivable write-offs (d)	-	33
ERP consolidation plan (e)	185	354
Professional fees (f)	269	76
Acquisition-related costs (g)	-	548
Divestitures (j)	668	-
Adjustment to exit Flowcrete China (l)	(305)	-
Adjusted EBIT*** (non-GAAP measure)	\$ 180,787	\$ 148,778
Net Sales	\$ 1,051,210	\$ 1,035,615
Adj EBIT*** as a % of Net Sales (non-GAAP measure)	17.2%	14.4%

*Interest expense, net includes the combination of interest (income) expense and investment (income) expense, net.

**EBIT is defined as earnings (loss) before interest and taxes. Management uses EBIT, as defined, as a measure of operating performance, since interest expense, net, essentially relates to corporate functions, as opposed to segment operations.

***Adjusted EBIT is provided for the purpose of adjusting for one-off items impacting revenue and/or expenses that are not considered by management to be indicative of ongoing operations.

NOTE: Refer to the Adjustments Detail slide for all adjustments detail.

EBIT** (Non-GAAP Measure): Performance Coatings Segment



(\$ in thousands, except per share and percent data)
(Unaudited)

	Three Months Ended November 30	
	2020	2019
Income Before Income Taxes	\$ 24,047	\$ 33,320
Add: Interest (Income), Net*	(9)	(25)
EBIT** (non-GAAP measure)	24,038	33,295
Inventory-related charges (a)	-	1,028
Restructuring expense (b)	1,542	1,239
Accelerated expense - other (c)	820	1,119
Receivable write-offs (recoveries) (d)	(198)	117
ERP consolidation plan (e)	636	129
Professional fees (f)	1,199	308
Acquisition-related costs (g)	-	35
Divestitures (j)	-	(264)
Adjusted EBIT*** (non-GAAP measure)	\$ 28,037	\$ 37,006
Net Sales	\$ 258,833	\$ 292,712
Adj EBIT*** as a % of Net Sales (non-GAAP measure)	10.8%	12.6%

*Interest expense, net includes the combination of interest (income) expense and investment (income) expense, net.

**EBIT is defined as earnings (loss) before interest and taxes. Management uses EBIT, as defined, as a measure of operating performance, since interest expense, net, essentially relates to corporate functions, as opposed to segment operations.

***Adjusted EBIT is provided for the purpose of adjusting for one-off items impacting revenue and/or expenses that are not considered by management to be indicative of ongoing operations.

NOTE: Refer to the Adjustments Detail slide for all adjustments detail.

EBIT** (Non-GAAP Measure): Performance Coatings Segment



(\$ in thousands, except per share and percent data)
(Unaudited)

	Six Months Ended November 30	
	2020	2019
Income Before Income Taxes	\$ 52,561	\$ 61,377
Add: Interest Expense, Net*	22	104
EBIT** (non-GAAP measure)	52,583	61,481
Inventory-related charges (a)	36	3,066
Restructuring expense (b)	2,898	3,848
Accelerated expense - other (c)	1,505	1,819
Receivable write-offs (recoveries) (d)	(335)	3,139
ERP consolidation plan (e)	765	496
Professional fees (f)	1,456	309
Acquisition-related costs (g)	-	35
Divestitures (j)	-	(264)
Adjusted EBIT*** (non-GAAP measure)	\$ 58,908	\$ 73,929
Net Sales	\$ 518,622	\$ 589,953
Adj EBIT*** as a % of Net Sales (non-GAAP measure)	11.4%	12.5%

*Interest expense, net includes the combination of interest (income) expense and investment (income) expense, net.

**EBIT is defined as earnings (loss) before interest and taxes. Management uses EBIT, as defined, as a measure of operating performance, since interest expense, net, essentially relates to corporate functions, as opposed to segment operations.

***Adjusted EBIT is provided for the purpose of adjusting for one-off items impacting revenue and/or expenses that are not considered by management to be indicative of ongoing operations.

NOTE: Refer to the Adjustments Detail slide for all adjustments detail.

EBIT** (Non-GAAP Measure): Consumer Segment



(\$ in thousands, except per share and percent data)
(Unaudited)

	Three Months Ended November 30	
	2020	2019
Income Before Income Taxes	\$ 88,368	\$ 34,456
Add: Interest Expense, Net*	64	56
EBIT** (non-GAAP measure)	88,432	34,512
Inventory-related charges (a)	(182)	4,554
Restructuring expense (b)	985	1,124
Accelerated expense - other (c)	167	5,626
Receivable write-offs (recoveries) (d)	-	(3)
ERP consolidation plan (e)	-	125
Professional fees (f)	94	128
Acquisition-related costs (g)	1,178	-
Discontinued product line (k)	(9)	8,618
Adjusted EBIT*** (non-GAAP measure)	\$ 90,665	\$ 54,684
Net Sales	\$ 547,508	\$ 450,900
Adj EBIT*** as a % of Net Sales (non-GAAP measure)	16.6%	12.1%

*Interest expense, net includes the combination of interest (income) expense and investment (income) expense, net.

**EBIT is defined as earnings (loss) before interest and taxes. Management uses EBIT, as defined, as a measure of operating performance, since interest expense, net, essentially relates to corporate functions, as opposed to segment operations.

***Adjusted EBIT is provided for the purpose of adjusting for one-off items impacting revenue and/or expenses that are not considered by management to be indicative of ongoing operations.

NOTE: Refer to the Adjustments Detail slide for all adjustments detail.

EBIT** (Non-GAAP Measure): Consumer Segment



(\$ in thousands, except per share and percent data)
(Unaudited)

	Six Months Ended November 30	
	2020	2019
Income Before Income Taxes	\$ 221,089	\$ 93,614
Add: Interest Expense, Net*	127	161
EBIT** (non-GAAP measure)	221,216	93,775
Inventory-related charges (a)	493	5,470
Restructuring expense (b)	2,470	2,406
Accelerated expense - other (c)	189	5,626
Receivable write-offs (d)	-	55
ERP consolidation plan (e)	14	125
Professional fees (f)	217	305
Acquisition-related costs (g)	1,178	-
Unusual costs triggered by executive departures (h)	2,000	-
Discontinued product line (k)	(384)	8,618
Adjusted EBIT*** (non-GAAP measure)	\$ 227,393	\$ 116,380
Net Sales	\$ 1,188,676	\$ 930,230
Adj EBIT*** as a % of Net Sales (non-GAAP measure)	19.1%	12.5%

*Interest expense, net includes the combination of interest (income) expense and investment (income) expense, net.

**EBIT is defined as earnings (loss) before interest and taxes. Management uses EBIT, as defined, as a measure of operating performance, since interest expense, net, essentially relates to corporate functions, as opposed to segment operations.

***Adjusted EBIT is provided for the purpose of adjusting for one-off items impacting revenue and/or expenses that are not considered by management to be indicative of ongoing operations.

NOTE: Refer to the Adjustments Detail slide for all adjustments detail.

EBIT** (Non-GAAP Measure): Specialty Segment



(\$ in thousands, except per share and percent data)
(Unaudited)

	Three Months Ended November 30	
	2020	2019
Income Before Income Taxes	\$ 28,406	\$ 18,762
Add: Interest Expense, Net*	73	7
EBIT** (non-GAAP measure)	28,479	18,769
Restructuring expense (b)	495	819
Accelerated expense - other (c)	93	166
ERP consolidation plan (e)	115	2,172
Professional fees (f)	437	981
Unusual costs triggered by executive departures (h)	-	280
Adjusted EBIT*** (non-GAAP measure)	\$ 29,619	\$ 23,187
Net Sales	\$ 176,054	\$ 158,170
Adj EBIT*** as a % of Net Sales (non-GAAP measure)	16.8%	14.7%

*Interest expense, net includes the combination of interest (income) expense and investment (income) expense, net.

**EBIT is defined as earnings (loss) before interest and taxes. Management uses EBIT, as defined, as a measure of operating performance, since interest expense, net, essentially relates to corporate functions, as opposed to segment operations.

***Adjusted EBIT is provided for the purpose of adjusting for one-off items impacting revenue and/or expenses that are not considered by management to be indicative of ongoing operations.

NOTE: Refer to the Adjustments Detail slide for all adjustments detail.

EBIT** (Non-GAAP Measure): Specialty Segment



(\$ in thousands, except per share and percent data)
(Unaudited)

	Six Months Ended November 30	
	2020	2019
Income Before Income Taxes	\$ 48,855	\$ 42,089
Add: Interest Expense (Income), Net*	155	(19)
EBIT** (non-GAAP measure)	49,010	42,070
Restructuring expense (b)	1,302	2,709
Accelerated expense - other (c)	224	315
ERP consolidation plan (e)	1,225	5,268
Professional fees (f)	1,886	981
Unusual costs triggered by executive departures (h)	46	473
Adjusted EBIT*** (non-GAAP measure)	\$ 53,693	\$ 51,816
Net Sales	\$ 334,078	\$ 318,258
Adj EBIT*** as a % of Net Sales (non-GAAP measure)	16.1%	16.3%

*Interest expense, net includes the combination of interest (income) expense and investment (income) expense, net.

**EBIT is defined as earnings (loss) before interest and taxes. Management uses EBIT, as defined, as a measure of operating performance, since interest expense, net, essentially relates to corporate functions, as opposed to segment operations.

***Adjusted EBIT is provided for the purpose of adjusting for one-off items impacting revenue and/or expenses that are not considered by management to be indicative of ongoing operations.

NOTE: Refer to the Adjustments Detail slide for all adjustments detail.

EBIT* & EBITDA (Non-GAAP Measures)



(in thousands)

	2016	2017	2018	2019	2020
Net Income	\$ 357,458	\$ 184,671	339,257	267,687	305,082
Add: Provision for income taxes	126,008	59,662	77,791	72,158	102,682
Add: Interest expense	91,683	96,954	104,547	102,392	101,003
Add: Investment (income), net	(10,365)	(13,984)	(20,442)	(730)	(9,739)
Add: MAP to Growth related initiatives			58,080	110,549	123,089
Add: Acquisition-related charges				2,991	919
Add: Convertible debt extinguishment				3,052	
Add: Loss on South Africa Business				540	
Add: Unusual costs triggered by executive departures				8,840	(1,696)
Add: Charge (adjustment) to exit Flowcrete China			4,164		(1,039)
Add: Charge to exit Flowcrete Middle East		12,275			
Add: Goodwill and other intangible asset impairments		188,298			
Add: Severance Expense		15,001			
Adjusted EBIT* (non-GAAP measure)	564,784	542,877	563,397	567,479	620,301
Add: Amortization	44,307	44,903	46,523	47,699	48,299
Adjusted EBITA* (non-GAAP measure)	609,091	587,780	609,920	615,178	668,600
Add: Depreciation	66,732	71,870	81,976	94,043	108,543
Adjusted EBITDA* (non-GAAP measure)	675,823	659,650	691,896	709,221	777,143
Deduct: Interest expense	(91,683)	(96,954)	(104,547)	(102,392)	(101,003)
Deduct: Investment expense (income), net	10,365	13,984	20,442	730	9,739
Deduct: Provision (benefit) for income taxes	126,008	(59,662)	(77,791)	(72,158)	102,682
Add: Changes in operating assets, liabilities, and other	6,209	(130,891)	(139,617)	(242,460)	(238,642)
Cash from operating activities	\$ 474,706	\$ 386,127	390,383	292,941	549,919
Net Sales	\$ 4,813,649	\$ 4,958,175	5,321,643	5,564,551	5,506,994
Adjusted EBITA* as a % of net sales (non-GAAP measure)	12.7%	11.9%	11.5%	11.1%	12.1%
Adjusted EBITDA* as a % of net sales (non-GAAP measure)	14.0%	13.3%	13.0%	12.7%	14.1%

*EBIT is defined as earnings before interest and taxes, while EBITDA is defined as earnings before interest, taxes, depreciation and amortization. We evaluate the profit performance of our segments based on income before income taxes, but also look to EBIT as a performance evaluation measure because interest expense is essentially related to acquisitions, as opposed to segment operations. We believe EBIT is useful to investors for this purpose as well, using EBIT as a metric in their investment decisions. EBIT should not be considered an alternative to, or more meaningful than, income before income taxes as determined in accordance with GAAP, since it omits the impact of interest and taxes in determining operating performance, which represent items necessary to our continued operations, given our level of indebtedness and ongoing tax obligations. We evaluate our liquidity based on cash flows from operating, investing and financing activities, as defined by GAAP, but also look to EBITDA as a supplemental liquidity measure, because we find it useful to understand and evaluate our capacity, excluding the impact of interest, taxes, and non-cash depreciation and amortization charges, for servicing our debt and otherwise meeting our cash needs, prior to our consideration of the impacts of other potential sources and uses of cash such as working capital items. We believe that EBITDA is useful to investors for these purposes as well. EBITDA should not be considered an alternative to, or more meaningful than, cash flows from operating activities, as determined in accordance with GAAP, since it omits the impact of interest, taxes and changes in working capital that use/provide cash (such as receivables, payables, and inventories) as well as the sources/uses of cash associated with changes in other balance sheet items (such as long-term loss accruals and deferred items). Since EBITDA excludes depreciation and amortization, EBITDA does not reflect any cash requirements for the replacement of the assets being depreciated and amortized, which assets will often have to be replaced in the future. Further, EBITDA, since it also does not reflect the impact of debt service, cash dividends or capital expenditures, does not represent how much discretionary cash we have available for other purposes. Nonetheless, EBIT and EBITDA are key measures expected by and useful to our fixed income investors, rating agencies and the banking community of all of whom believe, and we concur that these measures are critical to the capital markets' analysis of (i) our segments core operating performance, and (ii) our ability to service debt, fund capital expenditures and otherwise meet cash needs, respectively. We also evaluate EBIT and EBITDA because it is clear that movements in these non-GAAP measures impact our ability to attract financing. Our underwriters and bankers consistently require inclusion of these two measures in offering memoranda in conjunction with any debt underwriting or bank financing.