

Wells Fargo VIRTUAL 2020 Industrials Conference

Frank C. Sullivan
Chairman and CEO
Matthew T. Ratajczak
Vice President – Global Tax and Treasurer

May 6, 2020



RPM International Inc.

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.

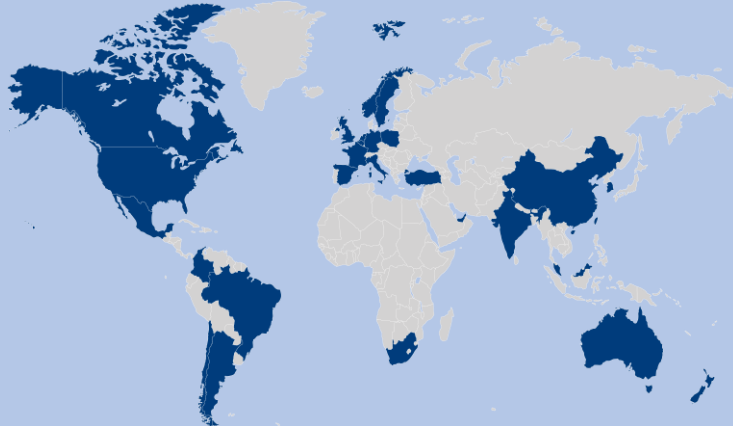
This presentation includes certain company data that do not directly conform to generally accepted accounting principles, or GAAP, and certain company data that has been restated for improved clarity, understanding and comparability, or pro forma. All non-GAAP data in this presentation are indicated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



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 2019 SALES:	\$5.6 Billion
SALES LOCATIONS:	171 countries and territories
EMPLOYEES:	15,000

DIVIDEND RECORD

46
consecutive years
of dividend increases

STOCKHOLDERS (percent of total shares)

Institutional: 81%
693 Institutions

Individual: 19%
139,431 Individuals

Operating Groups Drive Growth & Efficiency Through Four Reportable Segments



CONSTRUCTION PRODUCTS GROUP

Proforma Sales: \$1.9 billion - 34%



PERFORMANCE COATINGS GROUP

Proforma Sales: \$1.1 billion - 20%



CONSUMER GROUP

Proforma Sales: \$1.9 billion - 34%



SPECIALTY PRODUCTS GROUP

Proforma Sales: \$0.7 billion - 12%



FY19 SALES:
\$5.6 BILLION

**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**

Construction Products Group

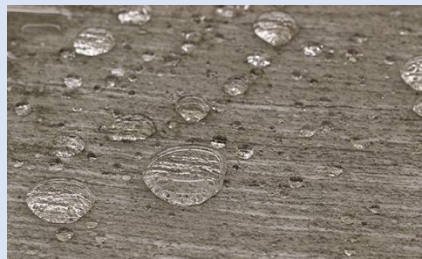
\$1.9 billion Fiscal 2019 Proforma Sales



GLOBAL BRANDS

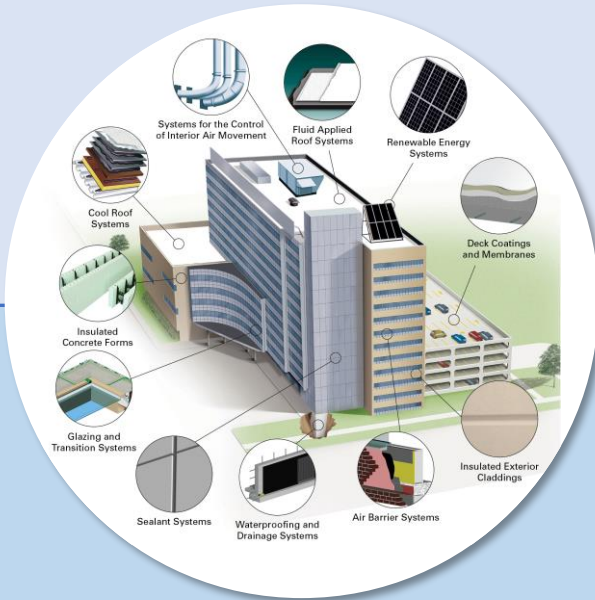


EUCLID CHEMICAL



REGIONAL BRANDS





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

Performance Coatings Group

\$1.1 billion Fiscal 2019 Proforma Sales



COATINGS

PROTECTIVE COATINGS



carboline



FLOOR SYSTEMS

SANITARY FLOORS FOOD & BEVERAGE



STONHARD



INFRASTRUCTURE

RESURFACING & REPAIRING BRIDGES



USTL



FRP GRATING

FIBERGLASS REINFORCED PLASTIC GRATINGS



Fibergate
Composite Structures



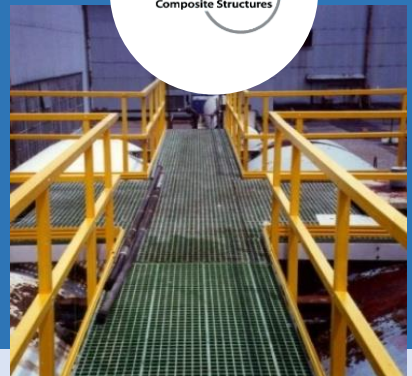
FIREPROOFING SYSTEMS



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



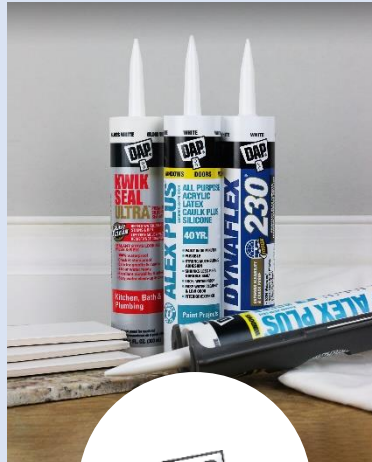
Consumer Group

\$1.9 billion Fiscal 2019 Proforma Sales



RUST-OLEUM

#1 Supplier in the
Small Project
Paint Category
Worldwide



#1 Caulk &
Sealant Supplier
in North America



Varathane
WOOD'S FIRST CHOICE™

Fastest Growing
Supplier of Wood
Finishes in North
America



ZINSSER

#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

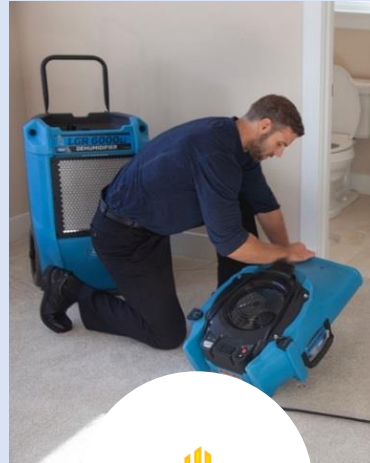


INDUSTRIAL





#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

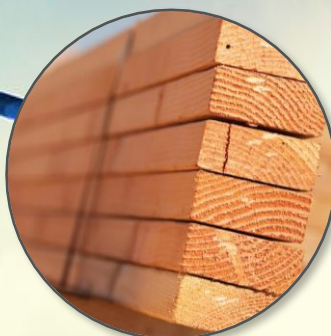
Target Markets



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



Positioning RPM for the Next Level of Growth

A black and white photograph of a group of approximately ten people, likely RPM executives, standing in a row. An American flag is visible in the background.

STRONG HISTORY OF ENTREPRENEURIAL GROWTH CONTINUES

Extraordinary
72-year history
of growth, innovation
and value creation with
the reputation as best
home for entrepreneurial
companies

A photograph of a tall, modern skyscraper with a glass facade, likely the One World Trade Center.

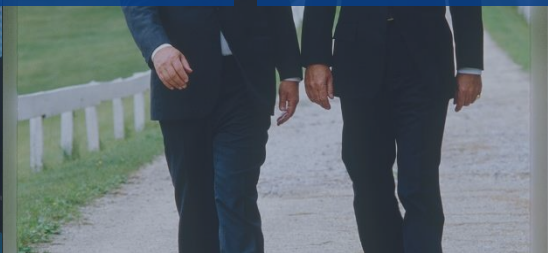
2020 MAP TO GROWTH

Transforming RPM into a
more connected and
efficient company
focused on operational
excellence and
continuous improvement

A photograph of a large industrial facility, possibly a chemical plant or refinery, with complex piping and structures.

BUILDING A BETTER RPM

Combining
entrepreneurial legacy
and the discipline of
continuous
improvement driving
operational excellence



PURPOSE

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

VISION

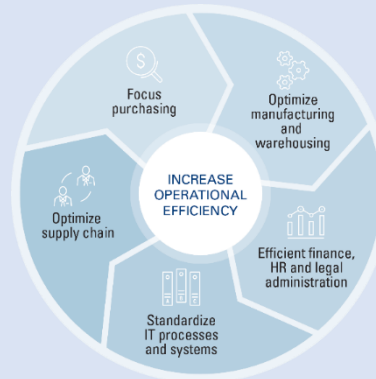
To transform RPM into a more connected and efficient company focused on operational excellence and continuous improvement, while maintaining the strengths of its entrepreneurial culture.



Maintain Entrepreneurial Growth Culture



Align to Execute



Increase Operational Efficiency

2020 MAP TO GROWTH STRATEGY

GOALS

By May 31, 2021, RPM is targeting improvements to:

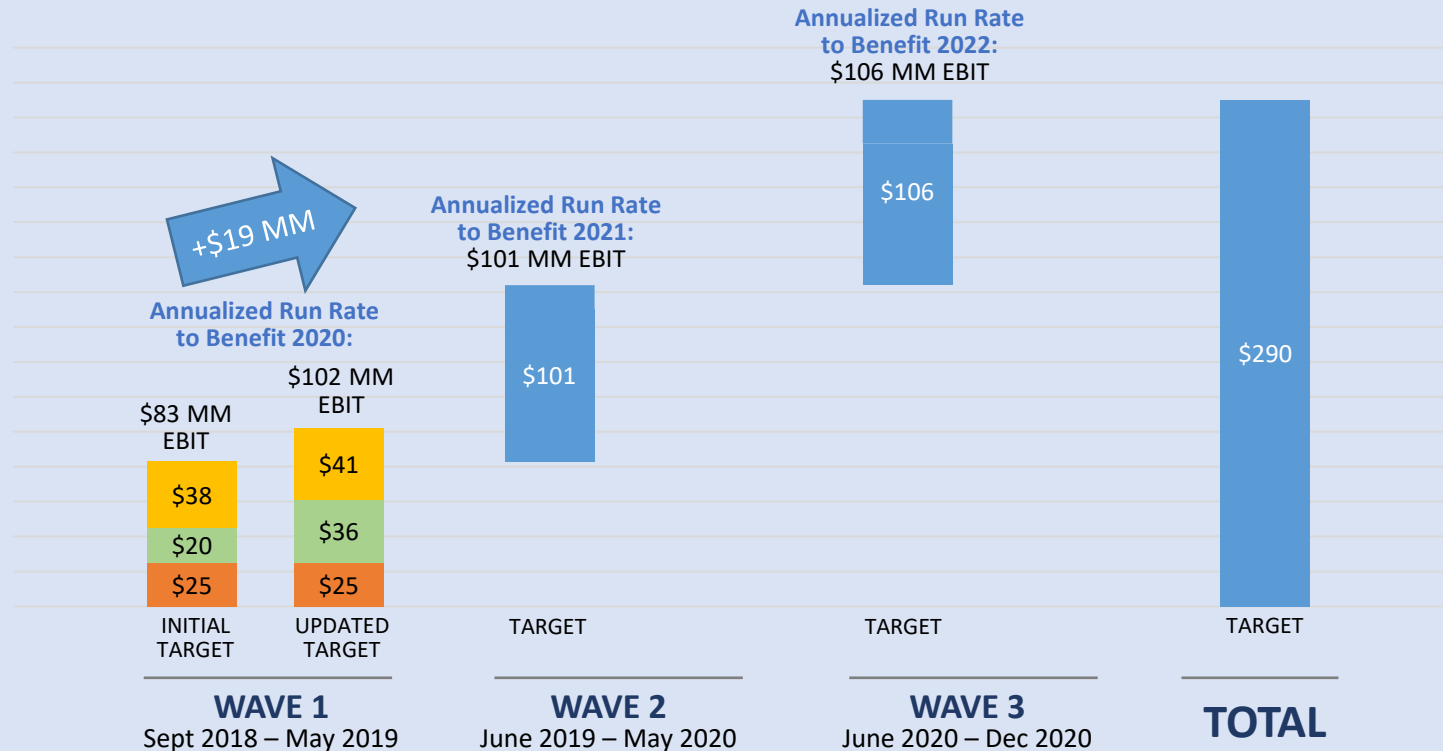
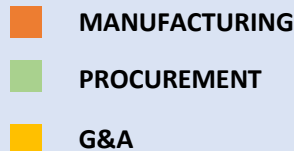
- \$6.25 bb Revenues
- \$1.0 bb Adj. EBIT on an annualized run rate
- \$1.5 bb Return of Capital

2020 MAP to Growth: Wave 1 Exceeds Initial Target by 23%

WAVES PLAN MAP 2020

Annualized Run Rate

\$ in millions



- Wave 1 completed ahead of initial target by 23%, or \$19 mm
 - Procurement and G&A ahead of plan; manufacturing on plan
 - \$7 mm originally targeted in manufacturing reclassified to G&A
- Some Wave 2 savings captured early
- Remain confident in total targeted savings of \$290 mm

Fiscal 2020 Third-Quarter *Reported* Results



(\$ in millions, except per share amounts)

CONSOLIDATED

Three months ended	Feb. 29 2020	Feb. 28 2019	%
Sales	\$1,174	\$1,141	+2.9%
EBIT ¹	\$44	\$26	+68.0%
Net Income	\$12	\$14	(16.5)%
Diluted EPS	\$0.09	\$0.11	(18.2)%

SEGMENT RESULTS

CONSTRUCTION PRODUCTS GROUP

Three months ended	Feb. 29 2020	Feb. 28 2019	%
Sales	\$372	\$355	+4.7%
EBIT ¹	\$1.7	\$(1.5)	+207.6%

PERFORMANCE COATINGS GROUP

Three months ended	Feb. 29 2020	Feb. 28 2019	%
Sales	\$256	\$253	+1.0%
EBIT ¹	\$22	\$14	+53.3%

CONSUMER GROUP

Three months ended	Feb. 29 2020	Feb. 28 2019	%
Sales	\$399	\$378	+5.4%
EBIT ¹	\$30	\$25	+17.6%

SPECIALTY PRODUCTS GROUP

Three months ended	Feb. 29 2020	Feb. 28 2019	%
Sales	\$147	\$154	(4.1)%
EBIT ¹	\$13	\$16	(18.9)%

- 2020 MAP to Growth operating improvement program fuels excellent third-quarter operating leverage, enabling RPM to continue to outpace the earnings growth of its peers.
- Also positively impacting results were the benefits of pricing and moderating raw material costs.
- Solid top-line growth was achieved during the third quarter, which typically generates RPM's most modest results each year because it falls during the winter months, when painting and construction activity slow.
- Market share gains and pricing contributed to organic sales growth of 3.0%. This was partially offset by foreign currency translation of 0.8%, while acquisitions contributed 0.7% to sales.
- (1) EBIT is a non-GAAP financial measure. Refer to Appendix for reconciliations between GAAP and non-GAAP measures.

Fiscal 2020 Third-Quarter *Adjusted* Results



(\$ in millions, except per share amounts)

CONSOLIDATED

Three months ended	Feb. 29 2020	Feb. 28 2019	%
Sales	\$1,174	\$1,141	+2.9%
EBIT ¹	\$60	\$46	+30.4%
EBIT Margin ¹	5.1%	4.1%	+100 bps
Diluted EPS ¹	\$0.23	\$0.13	+76.9%

- During Q3 2020, Adjusted EBIT and Adjusted Diluted EPS reflects restructuring and other charges, all of which have been incurred in relation to RPM's 2020 Margin Acceleration Plan initiatives.
- (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	Feb. 29 2020	Feb. 28 2019	%
Sales	\$372	\$355	+4.7%
EBIT ¹	\$6.0	\$(0.3)	+1,917.8%
EBIT Margin ¹	1.6%	(0.1)%	nm

PERFORMANCE COATINGS GROUP

Three months ended	Feb. 29 2020	Feb. 28 2019	%
Sales	\$256	\$253	+1.0%
EBIT ¹	\$24	\$18	+33.2%
EBIT Margin ¹	9.5%	7.2%	+230 bps

CONSUMER GROUP

Three months ended	Feb. 29 2020	Feb. 28 2019	%
Sales	\$399	\$378	+5.4%
EBIT ¹	\$32	\$27	+19.2%
EBIT Margin ¹	8.1%	7.1%	+100 bps

SPECIALTY PRODUCTS GROUP

Three months ended	Feb. 29 2020	Feb. 28 2019	%
Sales	\$147	\$154	(4.1)%
EBIT ¹	\$18	\$20	(13.1)%
EBIT Margin ¹	11.9%	13.1%	(120) bps

Fiscal 2020 Year-to-Date *Reported* Results



(\$ in millions, except per share amounts)

CONSOLIDATED

<i>Nine months ended</i>	<i>Feb. 29 2020</i>	<i>Feb. 28 2019</i>	<i>%</i>
Sales	\$4,048	\$3,963	+2.1%
EBIT ¹	\$329	\$237	+38.9%
Net Income	\$195	\$133	+46.4%
Diluted EPS	\$1.50	\$1.00	+50.0%

SEGMENT RESULTS

CONSTRUCTION PRODUCTS GROUP

<i>Nine months ended</i>	<i>Feb. 29 2020</i>	<i>Feb. 28 2019</i>	<i>%</i>
Sales	\$1,408	\$1,340	+5.0%
EBIT ¹	\$146	\$103	+40.8%

PERFORMANCE COATINGS GROUP

<i>Nine months ended</i>	<i>Feb. 29 2020</i>	<i>Feb. 28 2019</i>	<i>%</i>
Sales	\$846	\$842	+0.5%
EBIT ¹	\$84	\$45	+84.2%

CONSUMER GROUP

<i>Nine months ended</i>	<i>Feb. 29 2020</i>	<i>Feb. 28 2019</i>	<i>%</i>
Sales	\$1,329	\$1,281	+3.8%
EBIT ¹	\$124	\$118	+4.3%

SPECIALTY PRODUCTS GROUP

<i>Nine months ended</i>	<i>Feb. 29 2020</i>	<i>Feb. 28 2019</i>	<i>%</i>
Sales	\$466	\$500	(6.9)%
EBIT ¹	\$55	\$66	(16.3)%

- For the nine-month period, organic sales increased of 2.0%. This was partially offset by foreign currency translation of 1.2%, while acquisitions contributed 1.3% to sales.
- (1) EBIT is a non-GAAP financial measure. Refer to Appendix for reconciliations between GAAP and non-GAAP measures.

Fiscal 2020 Year-to-Date *Adjusted* Results



(\$ in millions, except per share amounts)

CONSOLIDATED

<i>Nine months ended</i>	<i>Feb. 29 2020</i>	<i>Feb. 28 2019</i>	<i>%</i>
Sales	\$4,048	\$3,963	+2.1%
EBIT ¹	\$407	\$326	+24.7%
EBIT Margin ¹	10.0%	8.2%	+180 bps
Diluted EPS ¹	\$1.94	\$1.49	+30.2%

- During fiscal year 2020, Adjusted EBIT and Adjusted Diluted EPS reflects restructuring and other charges, all of which have been incurred in relation to RPM's 2020 Margin Acceleration Plan initiatives.
- (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

<i>Nine months ended</i>	<i>Feb. 29 2020</i>	<i>Feb. 28 2019</i>	<i>%</i>
Sales	\$1,408	\$1,340	+5.0%
EBIT ¹	\$155	\$113	+36.5%
EBIT Margin ¹	11.0%	8.5%	+250 bps

PERFORMANCE COATINGS GROUP

<i>Nine months ended</i>	<i>Feb. 29 2020</i>	<i>Feb. 28 2019</i>	<i>%</i>
Sales	\$846	\$842	+0.5%
EBIT ¹	\$98	\$79	+23.9%
EBIT Margin ¹	11.6%	9.4%	+220 bps

CONSUMER GROUP

<i>Nine months ended</i>	<i>Feb. 29 2020</i>	<i>Feb. 28 2019</i>	<i>%</i>
Sales	\$1,329	\$1,281	+3.8%
EBIT ¹	\$149	\$122	+21.6%
EBIT Margin ¹	11.2%	9.5%	+170 bps

SPECIALTY PRODUCTS GROUP

<i>Nine months ended</i>	<i>Feb. 29 2020</i>	<i>Feb. 28 2019</i>	<i>%</i>
Sales	\$466	\$500	(6.9)%
EBIT ¹	\$69	\$75	(8.0)%
EBIT Margin ¹	14.9%	15.1%	(20) bps

Select Cash Flow Items

(\$ in millions)

SUMMARIZED CASH FLOW AND FREE CASH FLOW METRICS			
<i>Nine months ended</i>	<i>Feb. 29 2020</i>	<i>Feb. 28 2019</i>	<i>FY20 vs FY19 Source / (Use)</i>
Net Income	\$196	\$134	\$ 62
Stock-based Compensation	\$ 19	\$ 21	(\$ 2)
Depreciation & Amortization	\$114	\$108	\$ 6
Working Capital	\$138	(\$ 95)	\$233 *
Accrued Compensation & Benefits	(\$ 39)	(\$ 33)	(\$ 6)
Restructuring Charges, Net of Payments	\$ ----	\$ 9	(\$ 9)
Decrease in Other Liabilities	(\$ 69)	(\$ 21)	(\$ 48) **
All Other Items	<u>\$ 22</u>	<u>\$ 22</u>	<u>\$ ----</u>
Cash From Operating Activities	\$381	\$145	\$236
Capital Expenditures	(\$105)	(\$ 84)	(\$ 21)
Cash Dividends	<u>(\$139)</u>	<u>(\$136)</u>	<u>(\$ 3)</u>
Free Cash Flow Source / (Use)	<u>\$137</u>	<u>(\$ 75)</u>	<u>\$212</u>

* Cash conversion cycle improved by 13.0 days period-over-period

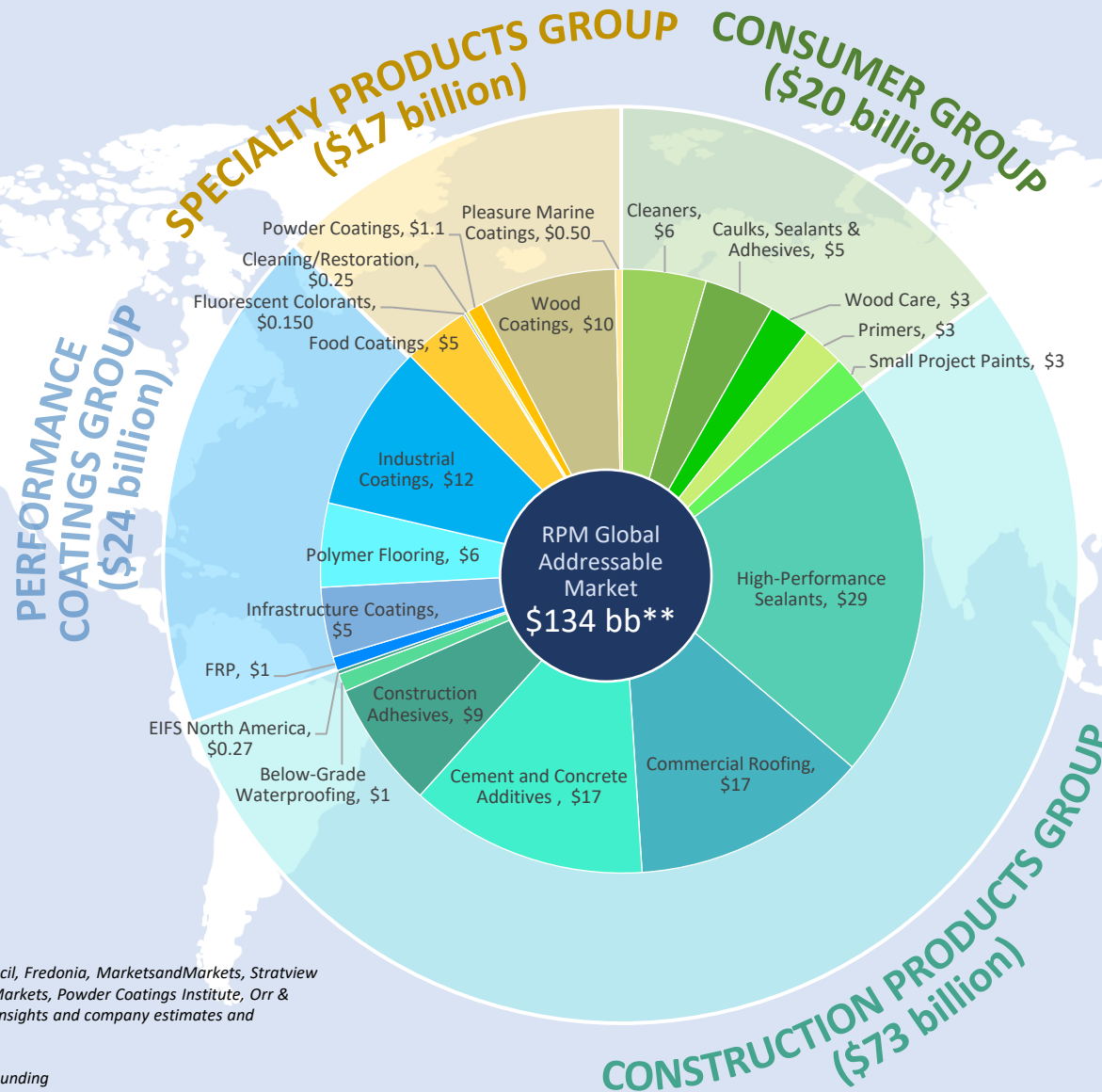
- DIO improved by 1.5 days; DSO improved by 2.3 days; DPO improved by 9.2 days

** Principally due to higher period-over-period global income tax payments and other income tax items

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



Insulated Concrete Forms
Enable the construction of stronger, highly energy efficient concrete structures capable of withstanding hurricanes.



Level Top PC-AGG
An easy-to-use, self-leveling resurfacing compound designed for new or worn concrete substrates.



POWERply Endure BIO Adhesive
A two-part, bio-based roofing adhesive that is quick-drying and virtually odorless.



carboline

Carboquick 200

This fast-cure, high-build polyaspartic coating provides corrosion protection, plus long-term weatherability.



PRIME RESINS

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.



STONHARD

Hygienic Systems

Seamless flooring, walls and curbs unite to ensure dirt and bacteria have no place to harbor and grow in food and beverage environments.



 **RUST-OLEUM**

Turbo Spray

Delivers protection 4X faster than traditional aerosols in a large, easy-to-use can that includes a 10"-wide fan spray tip to coat surfaces in fewer passes.



ZINSSER 

Mold Killing Primer

The first and only EPA-registered primer that kills existing mold, mildew and odor causing bacteria; can be painted directly over mold.





DynaFlex Ultra

An advanced exterior sealant formulated for exterior applications with weather max technology that is crack-proof and resists UV fading.



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.



MOHAWK

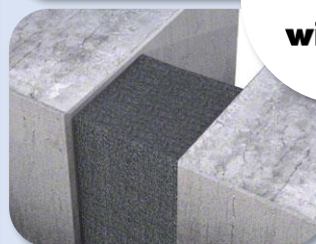
3-in-1 Repair Stick

Offers complete wood repairs with a single product, filling, leveling and color replacement all in one.

Accelerating Acquisition Pace



NUDURA
INTEGRATED BUILDING TECHNOLOGY
Building Value



Schul International Co.
willseal



profile food
INGREDIENTS



✓ CRITERIA

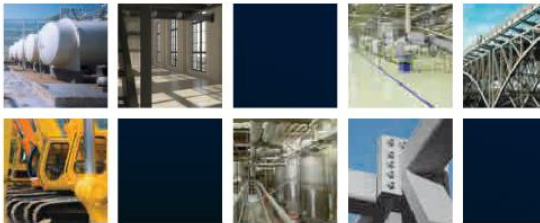
- ✓ Successful, niche businesses with leading brands
- ✓ Above average gross profit margins
- ✓ 70% product line integrations
- ✓ 30% stand-alone with entrepreneurial leadership that stays

★ BENEFITS

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

Intercompany Connections Drive Value Creation

INDUSTRIAL PRODUCT GUIDE



◀ Rust-Oleum and Tremco

Leveraging third-party Consumer Group MRO channel network

▼ Tremco and Fibergrate

Connect to bring new rooftop safety solutions to market



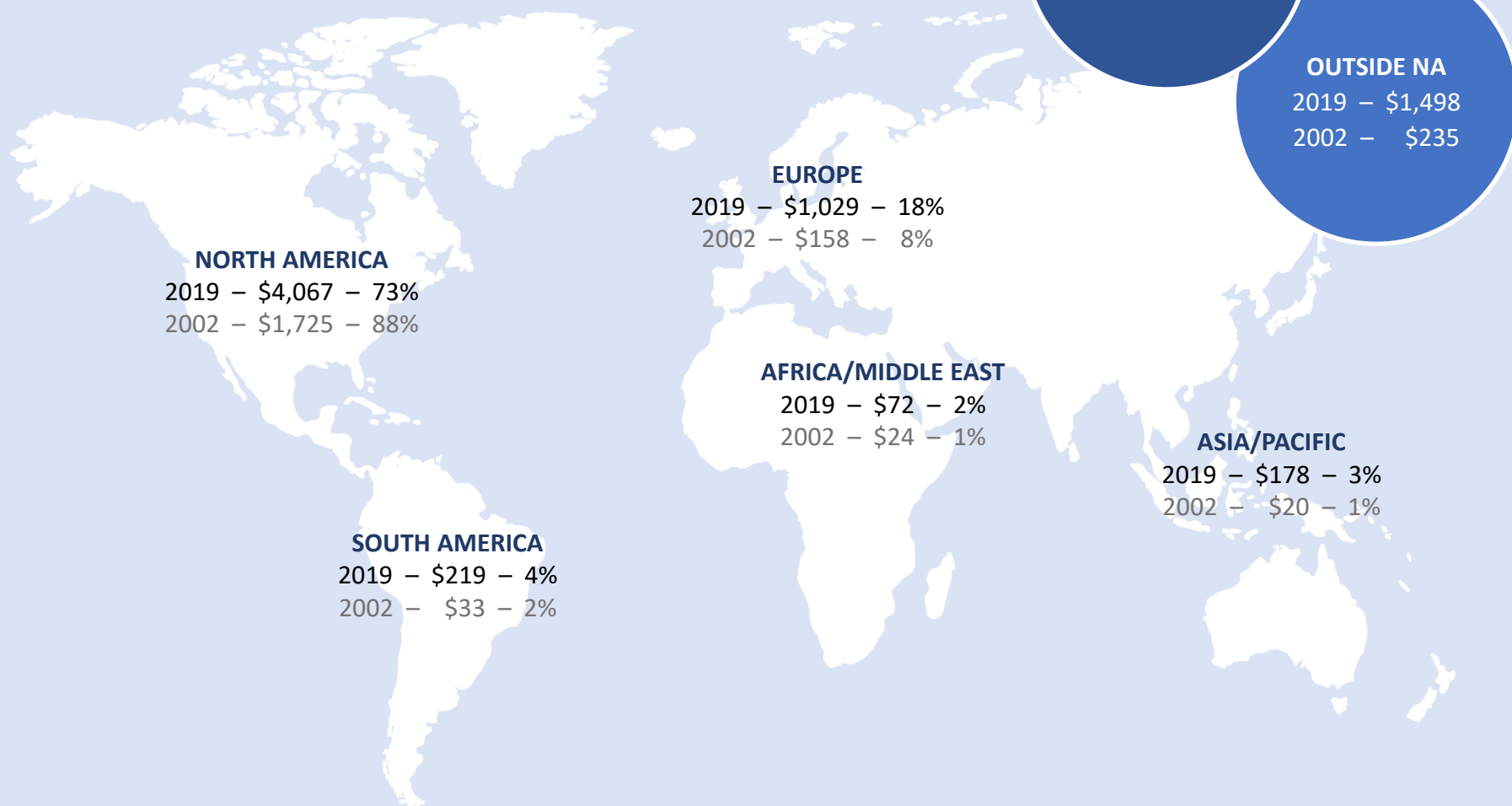
▲ Dryvit and Euclid Chemical

Shared technology speeds cure times of NewBrick product

International Expansion Opens New Markets

Sales by Region

\$ in millions



RPM Facility Closures: COVID-19

REPORT DATE:

April 29, 2020

CLOSURE STATUS:

- Closure – Gov't Shutdown
- Open/Reopened

FACILITY TYPE:

- ⚙️ Manufacturing
- 🏢 Other Office/Facility





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.

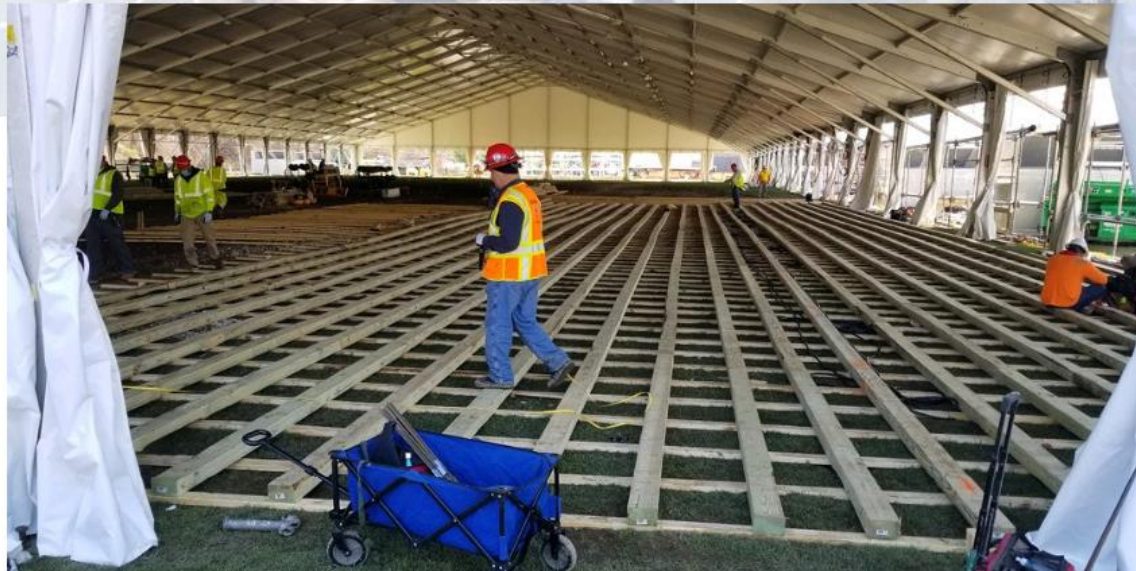
Coronavirus: Stonhard Installs Flooring Solution at New York Pop-Up Hospital



RPM INTERNATIONAL INC.



Stories about how RPM companies are
BUILDING A BETTER WORLD



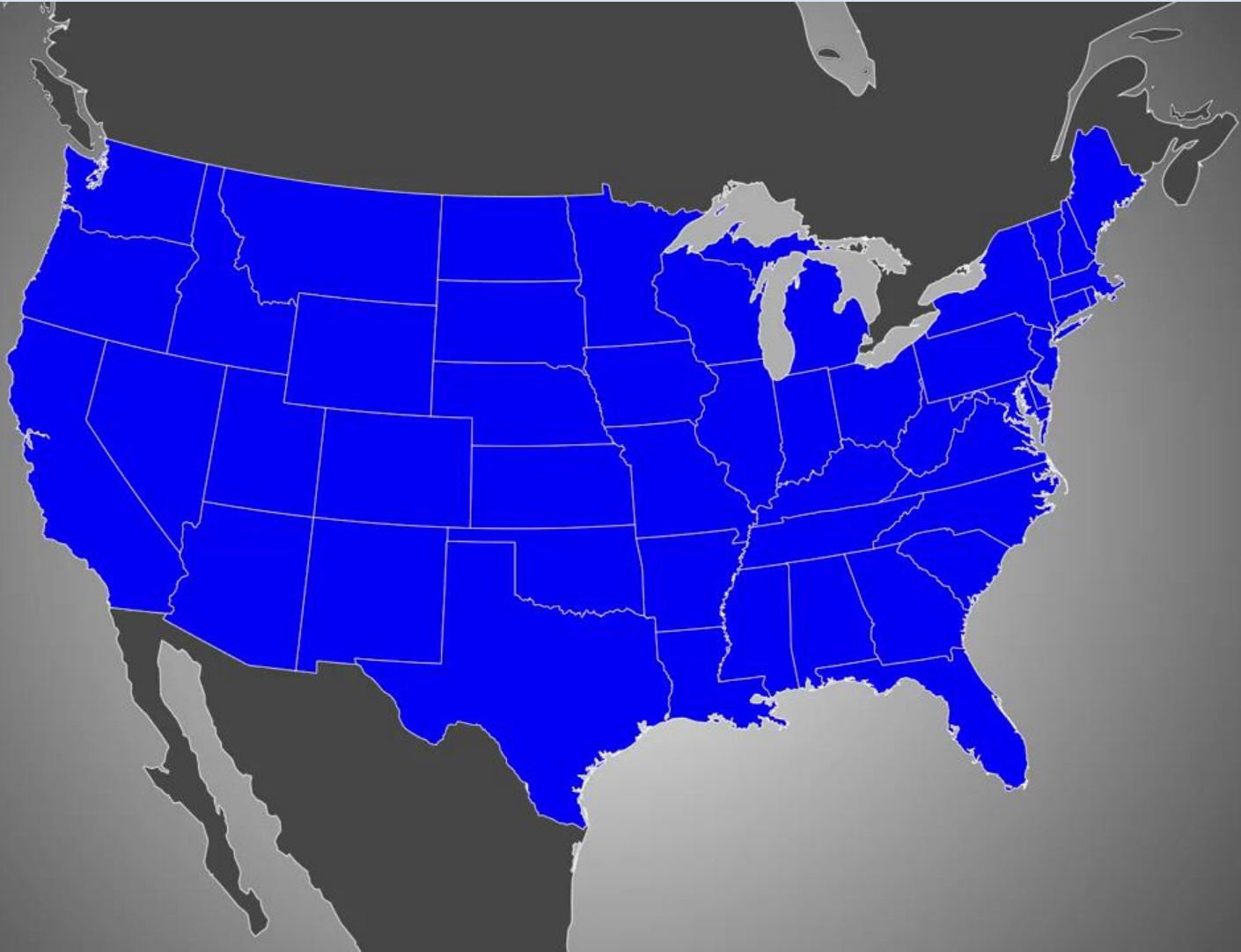
FEATURE

Stonhard Installs Flooring Solution at Pop-Up Hospital in New York

What do you do when the [U.S. Army Corps of Engineers](#), global architectural firm [Perkins Eastman](#) and general contracting giant [Turner Construction](#) approach you to find an immediate solution during a...

[READ MORE](#)

Nudura ICFs Part of First Net Zero Energy Public School in U.S.



Nudura ICF Home Withstands Hurricane



Appendix

Reconciliations of Non-GAAP Measures to GAAP Measures



RPM International Inc.

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.

- (a) 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, Performance Coatings, and Specialty Products segments. Following are the inventory-related charges in fiscal 2019: charges reflecting a true-up of fiscal 2018 inventory write-offs at our Consumer Segment during the first quarter of fiscal 2019 and inventory write-offs and disposals 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 2020 Margin Acceleration Plan (“2020 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 2020 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 the current phase of our ERP consolidation plan.
- (f) Comprises professional fees incurred in connection with our restructuring plan as well as the negotiation of a cooperation agreement and related fees incurred in connection with hosting an investor conference, all of which have been incurred in relation to our 2020 MAP to Growth.
- (g) Acquisition costs reflect amounts included in gross profit for inventory step-ups as well as an inventory write-off recorded during the second quarter of fiscal 2019.
- (h) Reflects the loss on redemption of our convertible notes incurred during the second quarter of fiscal 2019.
- (i) Includes adjustments to the fair value of contingent earnout obligations recorded during the second quarter of fiscal 2019.
- (j) Reflects other expense associated with a change in ownership of a business in South Africa, as required by local legislation in order to qualify for doing business in South Africa.
- (k) Reflects unusual compensation costs recorded during fiscal 2020 that resulted from executive departures related to our 2020 MAP to Growth, including stock and deferred compensation plan arrangements.
- (l) Reflects the gain or loss incurred upon divestiture of businesses and/or assets.
- (m) Reflects charges related to the discontinuation of a product line targeting OEM markets and related prepaid asset and inventory write-off. This resulted from ongoing product line rationalization efforts in connection with our 2020 MAP to Growth.
- (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.

EBIT* (Non-GAAP Measure): RPM Consolidated



(As Reported)

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

(Unaudited)

	Three months ended	
	February 29, 2020	February 28, 2019
Net Income	\$ 12,090	\$ 14,496
Provision (Benefit) for Income Taxes	4,218	(10,032)
Income Before Income Taxes	16,308	4,464
Interest Expense	23,972	26,525
Investment (Income) Loss, Net	3,836	(4,726)
EBIT* (non-GAAP measure)	44,116	26,263
Inventory-related charges (a)	483	1,856
Restructuring expense (b)	7,662	8,679
Accelerated expense - other (c)	1,706	(1,107)
Receivable write-offs (d)	(440)	57
ERP consolidation plan (e)	2,445	1,558
Professional fees (f)	3,196	7,805
Acquisition-related costs (g)	271	60
Unusual costs triggered by executive departures (k)	87	1,680
Divestitures (l)	925	(497)
Adjusted EBIT**	\$ 60,451	\$ 46,354
Net Sales	\$ 1,173,976	\$ 1,140,630
EBIT* as a % of Net Sales (non-GAAP measure)	3.8%	2.3%
Adj. EBIT** as a % of Net Sales (non-GAAP measure)	5.1%	4.1%

*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.

**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 in the appendix of this presentation for all adjustments detail.

EBIT* (Non-GAAP Measure): RPM Consolidated



(As Reported)

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

(Unaudited)

	Nine months ended	
	February 29, 2020	February 28, 2019
Net Income	\$ 195,907	\$ 133,855
Provision for Income Taxes	65,002	29,140
Income Before Income Taxes	260,909	162,995
Interest Expense	78,630	74,058
Investment (Income), Net	(10,354)	(126)
EBIT* (non-GAAP measure)	329,185	236,927
Inventory-related charges (a)	9,290	9,787
Restructuring expense (b)	19,591	36,479
Accelerated expense - other (c)	10,170	5,225
Receivable write-offs (d)	2,787	6,784
ERP consolidation plan (e)	8,689	3,408
Professional fees (f)	16,122	17,293
Acquisition-related costs (g)	854	2,991
Convertible debt extinguishment (h)	-	3,052
Fair value adjustments to acquisition earnout (i)	-	2,395
Loss on South Africa Business EE (j)	-	540
Unusual costs triggered by executive departures (k)	726	1,680
Divestitures (l)	661	(497)
Discontinued product line (m)	8,618	-
Adjusted EBIT**	\$ 406,693	\$ 326,064
Net Sales	\$ 4,048,033	\$ 3,963,150
EBIT* as a % of Net Sales (non-GAAP measure)	8.1%	6.0%
Adj. EBIT** as a % of Net Sales (non-GAAP measure)	10.0%	8.2%

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**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 in the appendix of this presentation for all adjustments detail.

Reconciliation of "Reported" to "Adjusted" EPS



(Unaudited)

	Three months ended	
	February 29, 2020	February 28, 2019
<u>Reconciliation of Reported Earnings per Diluted Share to Adjusted Earnings per Diluted Share (All amounts presented after-tax):</u>		
Reported Earnings per Diluted Share	\$ 0.09	\$ 0.11
Inventory-related charges (a)	-	0.01
Restructuring expense (b)	0.05	0.05
Accelerated expense - other (c)	0.01	(0.01)
ERP consolidation plan (e)	0.01	0.01
Professional fees (f)	0.02	0.04
Unusual costs triggered by executive departures (k)	-	0.01
Divestitures (l)	0.01	-
Investment returns (n)	0.04	(0.01)
Discrete tax adjustment (o)	-	(0.08)
Adjusted Earnings per Diluted Share (p)	<u>\$ 0.23</u>	<u>\$ 0.13</u>

(o) Represents discrete tax adjustments due to U.S. income tax reform.

(p) 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 in the appendix of this presentation for all adjustments detail.

Reconciliation of "Reported" to "Adjusted" EPS



(Unaudited)

	Nine months ended	
	February 29, 2020	February 28, 2019
<u>Reconciliation of Reported Earnings per Diluted Share to Adjusted Earnings per Diluted Share (All amounts presented after-tax):</u>		
Reported Earnings per Diluted Share	\$ 1.50	\$ 1.00
Inventory-related charges (a)	0.06	0.07
Restructuring expense (b)	0.12	0.21
Accelerated expense - other (c)	0.06	0.03
Receivable write-offs (d)	0.02	0.05
ERP consolidation plan (e)	0.05	0.02
Professional fees (f)	0.09	0.10
Acquisition-related costs (g)	0.01	0.02
Fair value adjustments to acquisition earnout (i)	-	0.01
Unusual costs triggered by executive departures (k)	-	0.01
Discontinued product line (m)	0.05	-
Investment returns (n)	(0.02)	0.05
Discrete tax adjustment (o)	-	(0.08)
Adjusted Earnings per Diluted Share (p)	<u>\$ 1.94</u>	<u>\$ 1.49</u>

(o) Represents discrete tax adjustments due to U.S. income tax reform.

(p) 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.

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



(As Reported)
(\$ in thousands and percent data)
(Unaudited)

	Three months ended	
	February 29, 2020	February 28, 2019
(Loss) Before Income Taxes	\$ (478)	\$ (4,025)
Add: Interest Expense, Net*	2,130	2,489
EBIT** (non-GAAP measure)	1,652	(1,536)
Inventory-related charges (a)	76	158
Restructuring expense (b)	3,053	2,056
Accelerated expense - other (c)	942	(1,890)
Receivable write-offs (d)	(33)	-
ERP consolidation plan (e)	267	702
Professional fees (f)	78	118
Acquisition-related costs (g)	-	60
Adjusted EBIT***	\$ 6,035	\$ (332)
Net Sales	\$ 372,082	\$ 355,332
EBIT** as a % of Net Sales (non-GAAP measure)	0.4%	(0.4%)
Adj. EBIT*** as a % of Net Sales (non-GAAP measure)	1.6%	(0.1%)

*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.

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



(As Reported)
(\$ in thousands and percent data)
(Unaudited)

	Nine months ended	
	February 29, 2020	February 28, 2019
Income Before Income Taxes	\$ 139,324	\$ 96,375
Add: Interest Expense, Net*	6,231	6,968
EBIT** (non-GAAP measure)	145,555	103,343
Inventory-related charges (a)	346	707
Restructuring expense (b)	6,005	8,813
Accelerated expense - other (c)	1,582	(1,823)
Receivable write-offs (d)	-	-
ERP consolidation plan (e)	621	1,094
Professional fees (f)	157	118
Acquisition-related costs (g)	548	1,168
Adjusted EBIT***	\$ 154,814	\$ 113,420
Net Sales	\$ 1,407,697	\$ 1,340,122
EBIT** as a % of Net Sales (non-GAAP measure)	10.3%	7.7%
Adj. EBIT*** as a % of Net Sales (non-GAAP measure)	11.0%	8.5%

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

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***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.

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



(As Reported)
(\$ in thousands and percent data)
(Unaudited)

	Three months ended	
	February 29, 2020	February 28, 2019
Income Before Income Taxes	\$ 22,240	\$ 14,365
Add: Interest Expense (Income), Net*	(123)	62
EBIT** (non-GAAP measure)	22,117	14,427
Inventory-related charges (a)	123	911
Restructuring expense (b)	1,362	2,805
Accelerated expense - other (c)	476	18
Receivable write-offs (d)	(407)	(6)
ERP consolidation plan (e)	151	-
Professional fees (f)	275	-
Acquisition-related costs (g)	83	-
Adjusted EBIT***	\$ 24,180	\$ 18,155
Net Sales	\$ 255,686	\$ 253,225
EBIT** as a % of Net Sales (non-GAAP measure)	8.7%	5.7%
Adj. EBIT*** as a % of Net Sales (non-GAAP measure)	9.5%	7.2%

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

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



(As Reported)
(\$ in thousands and percent data)
(Unaudited)

	Nine months ended	
	February 29, 2020	February 28, 2019
Income Before Income Taxes	\$ 83,617	\$ 44,990
Add: Interest Expense (Income), Net*	(20)	401
EBIT** (non-GAAP measure)	83,597	45,391
Inventory-related charges (a)	3,190	7,472
Restructuring expense (b)	5,210	8,840
Accelerated expense - other (c)	2,296	5,684
Receivable write-offs (d)	2,732	6,721
ERP consolidation plan (e)	648	348
Professional fees (f)	582	-
Acquisition-related costs (g)	118	1,823
Fair value adjustments to acquisition earnout (i)	-	2,395
Loss on South Africa Business EE (j)	-	540
Divestitures (l)	(264)	-
Adjusted EBIT***	\$ 98,109	\$ 79,214
Net Sales	\$ 845,639	\$ 841,605
EBIT** as a % of Net Sales (non-GAAP measure)	9.9%	5.4%
Adj. EBIT*** as a % of Net Sales (non-GAAP measure)	11.6%	9.4%

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

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



(As Reported)
(\$ in thousands and percent data)
(Unaudited)

	Three months ended	
	February 29, 2020	February 28, 2019
Income Before Income Taxes	\$ 29,798	\$ 25,272
Add: Interest Expense, Net*	57	119
EBIT** (non-GAAP measure)	29,855	25,391
Inventory-related charges (a)	198	787
Restructuring expense (b)	1,016	1,229
Accelerated expense - other (c)	-	-
Receivable write-offs (d)	-	63
ERP consolidation plan (e)	72	-
Professional fees (f)	80	-
Divestitures (l)	925	(497)
Discontinued product line (m)	\$ -	\$ -
Adjusted EBIT***	\$ 32,146	\$ 26,973
Net Sales	\$ 398,743	\$ 378,313
EBIT** as a % of Net Sales (non-GAAP measure)	7.5%	6.7%
Adj. EBIT*** as a % of Net Sales (non-GAAP measure)	8.1%	7.1%

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

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



(As Reported)
(\$ in thousands and percent data)
(Unaudited)

	Nine months ended	
	February 29, 2020	February 28, 2019
Income Before Income Taxes	\$ 123,413	\$ 118,078
Add: Interest Expense, Net*	219	417
EBIT** (non-GAAP measure)	123,632	118,495
Inventory-related charges (a)	5,668	1,608
Restructuring expense (b)	3,422	2,429
Accelerated expense - other (c)	5,624	-
Receivable write-offs (d)	55	63
ERP consolidation plan (e)	197	-
Professional fees (f)	385	-
Divestitures (l)	925	(497)
Discontinued product line (m)	\$ 8,618	\$ -
Adjusted EBIT***	\$ 148,526	\$ 122,098
Net Sales	\$ 1,328,974	\$ 1,280,931
EBIT** as a % of Net Sales (non-GAAP measure)	9.3%	9.3%
Adj. EBIT*** as a % of Net Sales (non-GAAP measure)	11.2%	9.5%

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

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



(As Reported)
(\$ in thousands and percent data)
(Unaudited)

	Three months ended	
	February 29, 2020	February 28, 2019
Income Before Income Taxes	\$ 12,942	\$ 16,115
Add: Interest Expense (Income), Net*	24	(135)
EBIT** (non-GAAP measure)	12,966	15,980
Inventory-related charges (a)	86	-
Restructuring expense (b)	999	2,564
Accelerated expense - other (c)	160	765
ERP consolidation plan (e)	1,955	856
Professional fees (f)	1,169	-
Acquisition-related costs (g)	188	-
Adjusted EBIT***	\$ 17,523	\$ 20,165
Net Sales	\$ 147,465	\$ 153,760
EBIT** as a % of Net Sales (non-GAAP measure)	8.8%	10.4%
Adj. EBIT*** as a % of Net Sales (non-GAAP measure)	11.9%	13.1%

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

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



(As Reported)
(\$ in thousands and percent data)
(Unaudited)

	Nine months ended	
	February 29, 2020	February 28, 2019
Income Before Income Taxes	\$ 55,031	\$ 66,049
Add: Interest Expense (Income), Net*	6	(332)
EBIT** (non-GAAP measure)	55,037	65,717
Inventory-related charges (a)	86	-
Restructuring expense (b)	3,707	6,312
Accelerated expense - other (c)	476	1,364
ERP consolidation plan (e)	7,223	1,966
Professional fees (f)	2,148	-
Acquisition-related costs (g)	188	-
Unusual costs triggered by executive departures (k)	473	-
Adjusted EBIT***	\$ 69,338	\$ 75,359
Net Sales	\$ 465,723	\$ 500,492
EBIT** as a % of Net Sales (non-GAAP measure)	11.8%	13.1%
Adj. EBIT*** as a % of Net Sales (non-GAAP measure)	14.9%	15.1%

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

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***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.

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EBIT* & EBITDA (Non-GAAP Measures)



(In thousands)

	2015 ⁽²⁾	2016	2017	2018	2019
Net income	\$ 228,328	\$ 357,458	\$ 184,671	\$ 339,257	\$ 267,687
Add: Provision (benefit) for income taxes	224,925	126,008	59,662	77,791	72,158
Add: Interest expense	87,615	91,683	96,954	104,547	102,392
Add: Investment expense (income), net	(18,577)	(10,365)	(13,984)	(20,442)	(730)
Add: 2020 MAP to Growth related initiatives				58,080	106,475
Add: Acquisition-related charges					5,385
Add: Convertible debt extinguishment					3,052
Add: Loss on South Africa Business					540
Add: Unusual costs triggered by executive departures					10,520
Add: Charge to exit Flowcrete China				4,164	
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)	522,291	564,784	542,877	563,397	567,479
Add: Amortization	36,988	44,307	44,903	46,523	47,699
Adjusted EBITA* (non-GAAP measure)	559,279	609,091	587,780	609,920	615,178
Add: Depreciation	62,188	66,732	71,870	81,976	94,043
Adjusted EBITDA* (non-GAAP measure)	621,467	675,823	659,650	691,896	709,221
Deduct: Interest expense	(87,615)	(91,683)	(96,954)	(104,547)	(102,392)
Deduct: Investment expense (income), net	18,577	10,365	13,984	20,442	730
Deduct: Provision (benefit) for income taxes	(224,925)	126,008	(59,662)	(77,791)	(72,158)
Add: Changes in operating assets, liabilities and other	2,944	6,209	(130,891)	(139,617)	(242,460)
Cash from operating activities	\$ 330,448	\$ 474,706	\$ 386,127	\$ 390,383	\$ 292,941
Net sales	\$4,594,550	\$4,813,649	\$4,958,175	\$5,321,643	\$5,564,551
Adjusted EBITA* as % of net sales (non-GAAP measure)	12.2%	12.7%	11.9%	11.5%	11.1%
Adjusted EBITDA* as % of net sales (non-GAAP measure)	13.5%	14.0%	13.3%	13.0%	12.7%

*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.

1. Proforma, excluding one-time charges detailed in noted additions above.
2. Reflects adjustments related to the recognition of ASC 740-30 tax liability for the potential repatriation of foreign earnings and related impact on NCI Net Income.