REFINITIV STREETEVENTS

EDITED TRANSCRIPT

RPM.N - Q4 2021 RPM International Inc Earnings Call

EVENT DATE/TIME: JULY 26, 2021 / 2:00PM GMT

OVERVIEW:

Co. reported 4Q21 consolidated net sales of $1.74b and adjusted diluted EPS of $1.28.

CORPORATE PARTICIPANTS

Frank C. Sullivan *RPM International Inc. - Chairman, President & CEO*

Matthew T. Ratajczak *RPM International Inc. - VP of Global Tax & Treasurer*

Russell L. Gordon *RPM International Inc. - VP & CFO*

CONFERENCE CALL PARTICIPANTS

Arun Viswanathan *RBC Capital Markets, Research Division - Senior Equity Analyst*

Frank Mitsch *Fermium Research, LLC - President*

Ghansham Panjabi *Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst*

Jeffrey Zekauskas *JPMorgan Chase & Co, Research Division - Senior Analyst*

John McNulty *BMO Capital Markets Equity Research - Analyst*

Joshua Spector *UBS Investment Bank, Research Division - Equity Research Associate - Chemicals*

Kevin McCarthy *Vertical Research Partners, LLC - Partner*

Luke Washer *BofA Securities, Research Division - Research Analyst*

Michael Harrison *Seaport Research Partners - MD & Senior Chemicals Analyst*

Richard Garchitorena *Wells Fargo Securities, LLC, Research Division - Associate Analyst*

Rosemarie Morbelli *G. Research, LLC - Research Analyst*

Vincent Andrews *Morgan Stanley, Research Division - MD*

PRESENTATION

Operator

Welcome to RPM International's conference call for the fiscal 2021 fourth quarter and year end. Today's call is being recorded. This call is also being webcast and can be accessed live or replayed on the RPM website at www.rpminc.com.

Comments made on this call may include forward-looking statements based on current expectations that involve risks and uncertainties, which could cause actual results to be materially different. For more information on these risks and uncertainties, please review RPM's reports filed with the SEC.

During this conference call, references may be made to non-GAAP financial measures. To assist you in understanding these non-GAAP terms, RPM has posted reconciliations to the most directly comparable GAAP financial measures on the RPM website. (Operator Instructions)

At this time, I would now like to turn the call over to RPM's Chairman and CEO, Mr. Frank Sullivan, for opening remarks. Please go ahead, sir.

Frank C. Sullivan - *RPM International Inc. - Chairman, President & CEO*

Thank you, Angelica. Good morning, and welcome to the RPM International Inc. investor call for our fiscal 2021 fourth quarter and for the full year ended May 31, 2021. With me on today's call are Rusty Gordon, RPM's vice president and chief financial officer; and Matt Ratajczak, our vice president of global tax and treasury, who supports our investor relations activities.

On today's call, I'll provide details on the successful completion of our MAP to Growth operating improvement program. Matt will then review our fourth-quarter results in some detail, and Rusty will conclude with comments on our outlook for the first half of fiscal 2022. We'll then be pleased to answer your questions.

On our April investor call, we referenced rising inflation across our P&L at structurally high single digits with some select spikes of 150% to 200%. Some on our call today thought that by now raw material costs and availability would have gotten better to the point of pressure from some customers to give back price. That was wrong in April and way wrong today. Raw material costs have increased to levels on average in the high teens. More importantly, certain critical raw material shortages across our industry are negatively impacting our ability to produce and meet market demand.

In Q4, this raw material availability cost us an estimated $100 million in revenue. It's likely to cost us more in Q1, and we anticipate having more raw material availability lost production days in Q1 this year than we had from the impact of Covid shutdowns in Q1 last year.

These challenges notwithstanding, thanks to our successful MAP to Growth operating improvement program, we generated strong results for our 2021 fiscal year. Our full-year consolidated sales increased 11% to $6.1 billion, our EBIT margin increased by 150 basis points and adjusted EBIT was up 26.5%. Operating cash flow climbed nearly 40% to a record $766.2 million, and our adjusted EBIT margin climbed to 12.8%, which was also a record.

Our MAP to Growth program has been the principal driver of this strong financial performance. The successful execution of our MAP to Growth operating improvement plan, especially in light of the incredible disruptions caused by the Covid pandemic and more recently by unprecedented supply chain challenges, is a true testament to the dedication and resilience of the RPM associates worldwide.

At the program's onset, we recognized that RPM had reached the point where a center-led approach in selected areas of the business was required to take it to the next level of growth. In manufacturing, we formed a center-led team that has created a lasting culture of manufacturing excellence and continuous improvement disciplines across the organization. This team launched our MS-168 manufacturing system, which is allowing us to produce better products more quickly, more cost-effectively and more sustainably.

In addition, we reduced our global manufacturing footprint by 28 facilities, consolidating production to more strategically advantageous plants. Our original target was 31 plants, but consolidation efforts were slowed by the Covid pandemic. We expect to exceed the original target in the coming year.

We also created a center-led procurement team that has consolidated material spending across our operating companies, negotiated improved payment terms with our supplier base and has helped us reduce working capital. These initiatives have created millions of dollars in cost savings. With stronger supplier partnerships, longer-term contracts, we are in a much better position to secure necessary raw materials and control costs through the current raw material supply shortages than we would have been just three years ago.

Additionally, we took significant steps to streamline many of our administrative functions. Through our financial realignment, we consolidated 46 accounting locations, improved controls, developed more effective and efficient accounting processes and reduced costs. Similar initiatives were undertaken in our IT infrastructure as we have migrated 75% of our organization to one of four group-level ERP platforms. Additionally, we have reduced the number of data centers we manage by shifting systems and hardware to the cloud, and we are creating a number of platforms for centralized data-driven decision making.

Over the course of the three-year MAP to Growth program, we have returned $1.1 billion of capital to shareholders through a combination of cash dividends and share repurchases. Aside from a significantly improved profit margin profile and stronger cash generation, as reflected in the cumulative total return generated by RPM, which has exceeded our peer group over the three years of the MAP to Growth program, the lasting legacy of our MAP to Growth operating improvement plan is the revolutionary change in how people work together at RPM. Our operating company leadership is managing today with a broader view of RPM as a whole, allowing us to better leverage resources.

Another permanent change has been the operational disciplines we developed that will continue to generate improvements in profitability, cash flow and operating efficiency well into the future. Perhaps more significant has been our ability to maintain our unique entrepreneurial growth-oriented culture, evidenced by the fact that our revenues continue to grow at or above industry averages throughout the MAP to Growth program.

The real heroes behind the MAP to Growth success were our associates worldwide, particularly our frontline workers who kept our manufacturing and distribution centers operating during the Covid pandemic. We also owe a debt of gratitude to my good friend and one of RPM's great operating leaders, Steve Knoop, who is the architect of the MAP to Growth program and passed away prematurely in 2019.

Additionally, I'd like to recognize Mike Sullivan, vice president of operations and chief restructuring officer; Tim Kinser, vice president of operations-procurement; and Gordy Hyde, vice president of operations-manufacturing, who successfully executed the program with an intense focus and strong leadership that were integral to delivering these results and instilling a permanent focus on operating efficiency and continuous improvement into our culture.

While we have reached the 2020 MAP to Growth conclusion, there will be some runoff from the MAP to Growth program in fiscal '22, during which we expect to capture approximately $50 million in incremental savings. We will also be leveraging the lessons learned from this program to chart a course for 2025. Over the next six to 12 months, we will be working on a MAP 2.0 program in conjunction with our operating leaders. We remain fully committed to achieving our long-term goal of a 16% EBIT margin, and we will be sharing more information about our progress for a new program in the coming quarters.

I'd now like to turn the call over to Matt Ratajczak, who will discuss our fourth-quarter results in detail.

Matthew T. Ratajczak - *RPM International Inc. - VP of Global Tax & Treasurer*

Thanks, Frank, and good morning, everyone. Please keep in mind that my comments will be on an as-adjusted basis. For the fourth quarter, we generated consolidated net sales of $1.74 billion, an increase of 19.6% compared to the $1.46 billion reported in the year-ago period. Sales growth was 13.9% organic, 2.2%, the result of recent acquisitions and 3.5% due to foreign currency translation tailwinds. We are very pleased with this strong top-line growth in light of raw material shortages and supply chain disruptions. It has been challenging, but we've been managing these difficulties, thanks to our center-led procurement team, improved internal collaboration and leveraging of internal resources to get materials where they are most needed.

Adjusted diluted earnings per share increased 13.3% to $1.28 compared to $1.13 in the fiscal 2020 fourth quarter. Our adjusted EBIT was $236.2 million compared to $213.6 million during the year-ago period, which was an increase of 10.6%. Keep in mind that last year's fourth quarter was impacted by the pandemic's onset, which created the extraordinary situation where our non-operating segment reported a profit due to lower medical expenses, incentive reversals and other factors.

On the other hand, during this year's fourth quarter, we experienced higher insurance costs due to business interruptions created by hurricanes and the winter storm Uri, as well as higher incentives tied to improve performance. If you exclude the impact of our non-operating segment from both years, our four operating segments combined generated impressive sales growth of 19.6% and adjusted EBIT growth of 27.5% as they overcame margin pressures and supply availability challenges.

Turning now to our segment performance for the quarter. Our Construction Products Group generated record results. Construction, maintenance and repair activity accelerated in the U.S. during the quarter and even more so in international markets. Construction Products Group net sales were a record $629.4 million during the fiscal 2021 fourth quarter, which was an increase of 33.2% compared to fiscal 2020 fourth-quarter net sales of $472.4 million. Organic growth was 28.4% and foreign currency translation provided a tailwind of 4.8%.

Leading the way for the segment were our businesses in North America that provided commercial roofing materials and concrete admixtures and repair products, as well as our European businesses, all of which generated record sales. Demand for our Nudura insulated concrete forms remained at elevated levels due to the relatively low installed cost, in addition to their environmental and structural benefits as compared to traditional building methods.

Adjusted EBIT was a record $110.4 million compared to adjusted EBIT of $77.3 million reported during the year-ago period. This represents an increase of 42.7%. The bottom line was boosted by volume leveraging, savings from our MAP to Growth program and higher selling prices.

Our Performance Coatings Group also benefited from the release of pent-up demand for the construction, maintenance and repair of structures in the U.S. and abroad, which has leveraged into strong financial results. The segment's net sales were $283.3 million during the fiscal 2021 fourth quarter, which was an increase of 20.5% compared to the $235.1 million reported a year ago. Organic sales increased 12.9% and acquisitions contributed 2.9%. Foreign currency translation increased sales by 4.7%.

This segment had been particularly challenged through the pandemic because of its greater exposure to international markets and the oil and gas industry, as well as a greater reliance on facility access to apply its products. Points of strength in the Performance Coatings Group were its businesses providing commercial flooring systems and North American bridge and highway products, as well as recovery in its international businesses.

Adjusted EBIT was $31 million during the fourth quarter of fiscal 2021 compared to $23.7 million during the year-ago period, representing an increase of 31.2%. Segment earnings increased due to higher sales volumes, the MAP to Growth program and pricing, which helped to offset raw material inflation.

Our Consumer Group reported record net sales of $628.9 million during the fourth quarter of fiscal 2021, an increase of 2% compared to net sales of $616.2 million reported in the fourth quarter of fiscal 2020. Organic sales decreased 3.8%, since this was the first quarter in which we comped against the surge in demand at the beginning of the pandemic. Acquisitions contributed 3.8% to sales. Foreign currency translation increased sales by 2%.

During the first three quarters of this fiscal year, our Consumer Group sales and earnings have grown rapidly as it served the extraordinary demand for DIY home improvement products by consumers who were homebound during the pandemic. As more Americans became vaccinated and were no longer confined to their homes, DIY home improvement activity began to slow from its torrid pace during the quarter, though the pace of sales remained higher than the pre-pandemic levels. In international markets, many of which still have stay-at-home orders in place, they remain quite strong.

Fiscal 2021 fourth-quarter adjusted EBIT was $93.6 million, a decrease of 10.4% compared to adjusted EBIT of $104.5 million reported during the prior-year period. Helping to partially offset the cost pressures were selling price increases and savings from our MAP to Growth program, some of which were invested in advertising programs to promote new products.

The Specialty Products Group reported record net sales of $202.8 million during the fourth quarter of fiscal 2021, which increased 49.9% compared to net sales of $135.2 million in the fiscal 2020 fourth quarter. Organic sales increased 46.2%, while acquisitions contributed 0.7% to sales and foreign currency translation increased sales by 3%.

For the second quarter in a row, our Specialty Products Group generated the highest organic growth among our four operating segments. Its results have improved sequentially over the past three quarters, with excellent top- and bottom-line results by nearly all of its businesses, including those providing coatings for recreational watercraft, OEM equipment, wood, food and pharmaceuticals, as well as cleaning and restoration equipment and chemicals.

Adjusted EBIT was a record $36.3 million in the fiscal 2021 fourth quarter, an increase of 395% compared to adjusted EBIT of $7.3 million in the prior-year period. Its record results were driven by recent management changes, increased business development initiatives and improving market conditions.

Lastly, I have a few comments on our liquidity. Our fiscal 2021 cash flow from operations, as Frank mentioned, was a record $766.2 million compared to last year's record of $549.9 million. This is primarily due to continued good working capital management and margin improvement initiatives from our MAP to Growth program. At year end, our total liquidity was $1.46 billion and included $246.7 million of cash and $1.21 billion in committed available credit. Our net leverage ratio, as calculated under our bank agreements, was 2.17 as of May 31, 2021. This was an improvement as compared to 2.89 a year ago.

With a healthy balance sheet, we continue to use some of our record cash flow to reduce debt. Total debt at the end of fiscal 2021 was $2.38 billion compared to $2.54 billion a year ago. And, as Frank mentioned, we are also investing more aggressively in growth initiatives, including advertising, operating improvements and acquisitions, plus we are rewarding our shareholders through our cash dividend and our stock repurchase program. Since the beginning of the fourth quarter, we repurchased approximately 38 million of stock.

I'll now turn the call over to Rusty for comments on our outlook.

Russell L. Gordon - *RPM International Inc. - VP & CFO*

Thanks, Matt. As we discussed last quarter, various macroeconomic factors are creating inflationary and supply pressures on some of our product categories. As a result of the lag impact from our FIFO accounting methodology, we expect that our fiscal 2022 first-half performance will be significantly impacted by inflation throughout our P&L, which is currently averaging in the upper-teens. We are working to offset these increased costs with incremental MAP to Growth savings and commensurate selling price increases, which we will continue to implement as necessary.

More importantly, the limited availability of certain key raw material components is negatively impacting our ability to meet demand. Our most significant challenge for the first half of fiscal 2022 will be in our Consumer Group. Several factors are compressing margins in this segment. First, selling price negotiations took place last spring, and material costs have rapidly risen further since then. Secondly, insufficient supply of raw materials, several of which are severely constrained due to trucking shortages or force majeure being declared by suppliers, has led to intermittent plant shutdowns and low productivity. Lastly, the Consumer Group has outsourced production in several cases to improve service levels at the expense of margins.

To address these first-half margin challenges, the Consumer Group is cutting costs and working with customers to secure additional price increases. We expect that our other three segments will successfully manage supply challenges to continue their robust top- and bottom-line momentum from the fourth quarter and carry it into the first half of fiscal 2022.

Turning now to Q1 of fiscal 2022, we expect consolidated sales to increase in the low- to mid-single digits compared to Q1 of fiscal 2021 when sales grew 9%, creating a difficult year-over-year comparison. Additionally, supply constraints have slowed production in some product categories. Despite these factors, our revenue growth is expected to continue in three of our four segments.

We anticipate our Construction Products Group and Performance Coatings Group to generate sales increases in the high-single or lowdouble digits. The Specialty Products Group is expected to generate double-digit sales increases. These sales projections assume that global economies continue to improve. Sales in our Consumer Group are expected to decline double digits as it continues to experience difficult comparisons to the prior year when organic growth was up 34%. However, the Consumer Group's fiscal 2022 Q1 sales are expected to be above the pre-pandemic record, indicating that we have expanded the user base for our products since then.

We expect our Q1 adjusted EBIT to grow in three of our four segments, with the exception again being our Consumer Group. Based on the anticipated decline in this one segment, our Q1 consolidated adjusted EBIT is expected to decrease 25% to 30% versus a difficult prior-year comparison when adjusted EBIT in last year's first quarter was up nearly 40%.

Moving to Q2 of fiscal 2022, we expect good performance again, with the exception of the Consumer Group. As discussed earlier, the challenges in this segment are anticipated to result in a significant decline in adjusted EBIT against difficult prior-year comparisons when sales were up 21% and adjusted EBIT was up 66%. We anticipate that the Q2 decline in Consumer will be mostly offset by the combined EBIT growth in our three other segments, leading to consolidated adjusted EBIT being roughly flat versus another difficult prior-year comparison when consolidated adjusted EBIT was up nearly 30%.

After we work through the temporary supply chain challenges, we expect to emerge with a Consumer Group that has broader distribution and a larger user base than it had pre pandemic. For our other three segments, good results are expected to continue due to recent strategic changes in our Specialty Products Group continuing to pay off and the catch-up of deferred maintenance, driving additional business at our Construction Products Group and Performance Coatings Group.

This concludes our formal comments, and we will now be pleased to take your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) our first question comes from the line of John McNulty from BMO Capital Markets.

John McNulty - *BMO Capital Markets Equity Research - Analyst*

So I guess the first one would just be in terms of the pricing that you need for each of the divisions, can you kind of walk us through how we should be thinking about that and the timing of which you hope to kind of implement some of these price increases just so we can kind of measure that versus the timing of the raw materials and when they may kind of level off?

Frank C. Sullivan - *RPM International Inc. - Chairman, President & CEO*

Sure. So, in Q4, on average, based upon the timing of the effectiveness of various price increases that we negotiated this spring, the effect was about 3% in Q4. And we would expect or anticipate at this point that the effect of pricing in Q1 will be in the 5% to 6% range, and that's based upon price increases that are in effect at this point. And we are going forward with additional price increase activity in the next month across a lot of our different businesses. I think we'll report, obviously, in the Q1 results when we report those results in October. But we are pursuing additional price increases in Consumer in particular, as well as other parts of RPM on top of what's already been enacted.

John McNulty - *BMO Capital Markets Equity Research - Analyst*

Got it. That's helpful. And then when we look at the Construction business, the growth is pretty chunky, but admittedly, there's a lot of weird comps that we're trying to deal with. I guess is there a way to think about how much of it is just the core business coming back versus how we should be thinking about market share gains and what you've been doing there?

Frank C. Sullivan - *RPM International Inc. - Chairman, President & CEO*

Sure. Our Construction Products Group just completed its third consecutive year of strong sales growth, very strong EBIT margin improvement, and it's driven by market share gains, the introduction of new products and the integration of what were a collection of, very often, kind of independent operations, and you're going to see more to come.

We entered the first quarter with really good momentum in our Construction Products Group, our Performance Coatings Group and our Specialty Products Group. Some of that momentum is being disrupted by the supply chain and really, raw material availability issues that Matt and Rusty referenced. We literally have had weeks of lost production days because of the lack of availability of certain critical elements. And were it not bad, you'd see stronger growth than we even project.

So, we're likely, in the Construction Products Group, to be up in the 9% to 12% range in terms of sales for the quarter, and the demand is higher than that. And the good momentum that we've had for three years is continuing. You'll see, after Q1, a return to solid growth and margin enhancement in our three non-consumer segments.

John McNulty - *BMO Capital Markets Equity Research - Analyst*

Got it. And maybe I can sneak one last one in. With regard to cash flow, I mean, you've certainly seen a big improvement in the cash flow since MAP to Growth was really put in place. I guess, can you speak to how we should be thinking about the M&A opportunities that you can look at as you look at 2022 versus buybacks and how we should be thinking about cash being returned to shareholders?

Frank C. Sullivan - *RPM International Inc. - Chairman, President & CEO*

Sure. We continue to have a pretty strong pipeline of kind of our typical small to medium acquisitions, so we'll pursue those and get them done where we can. We've commented in the past on larger transactions. And we are committed both to achieving the original MAP to Growth goal of a 16% EBIT margin and a return of capital between dividends and share repurchases of $1.5 billion through May 31, '21. Our total return of capital as measured in the MAP to Growth program was $1.1 billion, so a little short there.

So, we will balance those, but we've got a much stronger cash flow than we had three years ago to be able to have fun with that balance in terms of how we return capital to shareholders and continue to pursue growth.

Operator

Our next question comes from the line of Mr. Frank Mitsch from Fermium Research.

Frank Mitsch - *Fermium Research, LLC - President*

I was struck by the comments regarding higher ad spending. Should we anticipate that the Guardian Protection Products, part of Specialty Products, will be the official sponsor of the Cleveland baseball team?

Frank C. Sullivan - *RPM International Inc. - Chairman, President & CEO*

That's a great suggestion, but we have not looked into that yet. But certainly, there's a nice connection there, and go Guardians.

Frank Mitsch - *Fermium Research, LLC - President*

Oh, my goodness. That's going to take a long time to get used to. Really interesting that you got impacted by $100 million in the fiscal fourth quarter because of raw material availability, and you expect an even higher impact here in the first quarter. You kept mentioning critical components, et cetera. Can you identify what some of those critical components are so we can kind of track on the outside as to when companies are lifting force majeures, et cetera?

Frank C. Sullivan - *RPM International Inc. - Chairman, President & CEO*

Sure. So, some of them are specific to critical elements in our roof restoration coatings. And certain intermediate chemicals have been unavailable, which has caused us to shut down production for, in one case, as long as five days. And so, we find ourselves in a number of these areas sourcing raw materials that were readily available in the United States that have been disrupted by this winter storm Uri, the power outages in Texas and the lack of investment that happened during Covid.

And so, we are now finding replacement products typically in Asia, sometimes at higher prices, obviously, a longer supply line because they got to show up on a boat. When they get to Long Beach, California, they can sit for three or four weeks because of disruptions there. Another element, again, this is in Construction Products, is on traditional reroofing projects, not at roof restoration but traditional black line and felts.

I think it's no surprise to people that there is a shortage in foam. It's disrupting, for instance, seating in the furniture markets and in the automotive seating area. And it's also -- finds itself into roofing where you can have all of your materials shipped and sitting outside of a school building or a hospital, waiting for foam board insulation, which is on back order in a lot of places. So those are a couple of instances in the more industrial side.

On the consumer side, unfortunately, there was an accident at a major alkyd resin producer in the United States that represented almost 30% of alkyd resin production. That's a particularly critical raw material for our small project paints category and spray paints category in our Consumer business. Again, we're looking at qualifying replacement product from Asia and other areas, longer supply lines, higher costs. And so, all of these are temporary, but they're certainly temporarily causing a pretty big disruption in our Consumer business.

Frank Mitsch - *Fermium Research, LLC - President*

Understood, understood. And as you sit here today, obviously, three months ago or four months ago, you were anticipating high single-digit increases in raws, and now it's coming in at upper-teens, and that's very consistent with what we're hearing from other folks. What gives you confidence that perhaps that's going to moderate as we get into the second half of fiscal '22, or is that not part of your thinking?

Frank C. Sullivan - *RPM International Inc. - Chairman, President & CEO*

I think that's part of our thinking. We've been successful in instituting price increases. We still have some MAP to Growth benefits. And I think the biggest challenge we're facing is the disruptions from materials. And again, I can go on for an hour of MDIs and pentas and MMAs and you name it. I'm a finance guy, not a chemist, but I'm learning a lot about chemistry. And I think as we get into the second half, the momentum that we have in terms of product demand, market demand, the benefits from our MAP to Growth program will certainly serve us well.

The other comment I'd like to make is while we're going to have a very difficult period in our Consumer segment for the reasons we talked about in Q1 and Q2, our current estimate is on the top line, we'll be about 12% ahead in Consumer in the first half of where we were two years ago in our fiscal '20 first half. So, a two-year over the pandemic expansion of 12% would indicate that we have expanded our customer base. We're excited about that. And some of these things are -- they're temporary, but I don't envision them being corrected until we get into the winter months or early spring of next year.

Operator

Next question comes from the line of Rosemarie Morbelli from Gabelli & Company.

Rosemarie Morbelli - *G. Research, LLC - Research Analyst*

Frank, you just mentioned the fact that you are looking at small- to medium-sized M&A. You have mentioned in the past that following the MAP program, you would be able to consider a larger acquisition. So, are we waiting? Do you think it makes sense to wait until you have gone through MAP 2.0 before you can actually look at something substantially higher than what you have been doing recently?

Frank C. Sullivan - *RPM International Inc. - Chairman, President & CEO*

No, I think we need -- yes. No, I think that's a good question. And I think we need to solidify where we are in this supply chain environment certainly before we bring out publicly details of a MAP 2.0. But we have made significant strides, in particular, in our Construction Products Group and in our Consumer Group, such that I think we have the talent and the capabilities to integrate a larger transaction if one were to be available at the right price. And obviously, at today's prices, if you don't have the ability to drive synergies, you can't be competitive. And so, in those two areas, I think we're getting there.

But solidifying the supply chain challenges now is going to be important for everybody in terms of -- you can talk about long-term goals, but the ground is shifting a little bit, and it's going to shift for a couple of quarters until the supply chain issue become more clear.

Rosemarie Morbelli - *G. Research, LLC - Research Analyst*

Okay. That is very helpful. And then looking at the Consumer, it seems as though the difficult comparison on the DIY and then some of us are going back to the office and so on. So, it is -- it makes sense that it will slow down and decline in the U.S. on a year-over-year basis. But you mentioned that it was stronger internationally. So, when do you think that international DIY is going to be faced with the same comparison issues?

Frank C. Sullivan - *RPM International Inc. - Chairman, President & CEO*

I don't know that we'll have the same comparison issues internationally that we have in the U.S., in part because of market share. We tend to be the leader in every one of the categories that we operate in, in our Consumer segment in North America. And that is not true in the U.K. and Europe, which is our next biggest market and certainly not true in export markets like Latin America or in Asia.

So, we don't anticipate seeing the same year-over-year challenges in those markets because of our smaller market share and also because of the smaller sizes. The real challenge will be, again, on the raw material side and the cost side. I think we're pretty comfortable with when we finish the year, we'll be substantially ahead in terms of sales and unit volume where we were two years ago pre-pandemic and just need to work on the product availability and cost side.

Operator

Our next question comes from the line of Ghansham Panjabi from Baird.

Ghansham Panjabi - *Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst*

Maybe just following up on the last question. So, your guidance for the fiscal first quarter for Consumer is down double digits in terms of sales. How much of that should we sort of think about in terms of raw material accessibility, in terms of the impact on there? And then how would you characterize what I'm sure is going on, which is just an inventory adjustment at the customer level as well? I'm just trying to get a sense as to what the true underlying demand as we cycle into 2Q and beyond looks like for that segment.

Frank C. Sullivan - *RPM International Inc. - Chairman, President & CEO*

Sure. Our estimate across RPM is probably for another $100 million of lost revenue, and it's predominantly in Construction Products and Consumer. As I commented earlier, material outages, components of construction products or roofing projects are kind of impeding opportunities for sales that are in the market. Certainly, that's true based on our momentum and what we've accomplished and that's continuing. It's also true based on incredible stimulus. Cities, counties, states have got billions of dollars and a lot of it's being applied towards infrastructure and renovation in school buildings in areas where we're very strong.

On the Consumer side, it's pretty much the same thing. We have lower-than-anticipated or expected fill rates principally as a result of this alkyd resin disruption, and we're working hard to meet that. And so that's part of the cost issue. Our principal goal here is to meet demand, quite candidly, at whatever additional cost we need to in the interim. And then we'll get out of tolling. I believe our North American chemical supply chain will return, and you'll see a significant improvement in our cost structure when those things happen.

Ghansham Panjabi - *Robert W. Baird & Co. Incorporated, Research Division - Senior Research Analyst*

Okay, great. And then on the Consumer additional selling price initiatives that you're pursuing, would that be more so a 4Q event in terms of sequential improvement? Or should we anticipate something starting to hit in 3Q as well?

Frank C. Sullivan - *RPM International Inc. - Chairman, President & CEO*

I think that will hit probably by mid-Q2. We are working on additional price increases in a number of places, not just Consumer for the end of August or September.

Operator

Our next question comes from the line of Mr. Vincent Andrews from Morgan Stanley.

Vincent Andrews - *Morgan Stanley, Research Division - MD*

If I could just ask, Frank, when you say 12% for Consumer fiscal '22 over '19 or over pre-pandemic, how are you getting to that? Is that based on your order book? Is that based on sort of your sort of qualitative assessment of the landscape or just sort of what's giving you that bridge?

Frank C. Sullivan - *RPM International Inc. - Chairman, President & CEO*

It's based upon the forecast that we've done internally for Q1 and Q2. And a big part of that, as we've already talked about on the call, is not just a function of demand but a function of what we think we can supply. And so clearly, it would be stronger if we weren't facing the supply disruptions. But we regularly do a rolling two-quarter forecast with our board. And based on that forecast, that's what's driving that assumption.

Vincent Andrews - *Morgan Stanley, Research Division - MD*

Okay. And Rusty, could I ask you just to give us some directional ideas on what could happen to working capital in fiscal '22? Just obviously, you have some production constraints but there's rising raw material costs and along those same lines. Now that MAP to Growth is done, are sort of the one-time expenses associated with that done so the earnings number should be cleaner? Or is there still some lingering stuff? And then lastly, if you have a capex number for this year.

Russell L. Gordon - *RPM International Inc. - VP & CFO*

Sure. Yes, that's a number of questions. I'll address working capital first. We had a great year on working capital. But really, the supply chain disruption had thrown a wrench in our efforts to reduce inventory. Right now, we're just trying to get our hands on inventory from any source we can so that we can meet customer demand. So that probably has stalled us during the supply chain challenge on inventory. On payables, we've done a great job, and we continue to have our procurement team negotiate better terms and that should continue to help us.

Sticking with cash flow. Looking ahead to fiscal '22, we are boosting our capital spending quite a bit to add capacity in a number of areas. We've talked a lot about Nudura. That's a product line that's growing by 50% to 100% each quarter, so we need capacity there. More in liquid-applied roofing, which as you know, Vincent, has grown year after year for us. And, also in our Consumer businesses, we continue to constantly build share year in, year out and we'll need capacity there. As far as the MAP to Growth program goes, we will have the incremental benefits. There will be a few charges as we plan to close a few plants and further delayer management.

Operator

Our next question comes from the line of Mr. Kevin McCarthy from Vertical Research PA.

Kevin McCarthy - *Vertical Research Partners, LLC - Partner*

Frank, in your prepared remarks, I think you referenced the outsourcing of production in the Consumer segment in an effort to improve service, albeit at the expense of margins. Can you talk through how much of your production is outsourced, or how much was outsourced last year, and whether or not you'd expect that to change in fiscal '22? Just trying to get a feel for what the associated margin dynamics could be.

Frank C. Sullivan - *RPM International Inc. - Chairman, President & CEO*

Sure. I don't have an exact number there, but I can tell you that the outsourcing, in some case, filling, in other cases, working on new resin suppliers and qualification of new suppliers and their formulas is costing us a couple of hundred basis points in gross margin. And those are margin points that we hope to regain, both with some of the investment Rusty's talking about and then eliminating some of this outsourced tolling both, in some cases, related to filling and, in other cases, related to resin manufacturing.

And some of it will be, as I said, snapback of our traditional North American chemical supplier supply lines versus things that we're now procuring from Asia, which is a much longer lead time, more challenging freight costs. I won't get these numbers right, but containers, which are principally controlled by China, used to be a couple of thousand bucks and now they're $20,000. I mean, the freight has been a big issue here as well and particularly for our Consumer Group. Whether it's ocean freight, it wasn't a big thing that's become bigger and more expensive, trucking. And so, as I have commented in the last quarter and it's true today and you're hearing it from every industry, inflation is hitting pretty much every aspect of our P&L.

Kevin McCarthy - *Vertical Research Partners, LLC - Partner*

Okay, that's helpful. And then apologies if I missed it, but what is your capital budget for capex for fiscal '22 relative to the $157 million that you spent last year?

Frank C. Sullivan - *RPM International Inc. - Chairman, President & CEO*

Sure. Related to the comments that Rusty made about adding capacity, this year, it will be around $220 million.

Operator

Our next question comes from the line of Michael Sison from Wells Fargo.

Richard Garchitorena - *Wells Fargo Securities, LLC, Research Division - Associate Analyst*

It's actually Richard on for Michael. Just wanted to touch again on the inflation expectations. If you look at price increases, you're getting in the first quarter and you're going to push more in the second quarter, do you expect you're going to be able to grow EBIT in the second half of this fiscal year, given a lot of the issues impacting the first quarter are largely transitory?

Frank C. Sullivan - *RPM International Inc. - Chairman, President & CEO*

Yes. We will be growing EBIT in the first quarter in three of our four segments. We'll be growing EBIT sufficiently in our Construction Products, Specialty Products and Performance Coatings to more than offset the decline in EBIT we're expecting in Q2 in Consumer. And then we fully expect to see EBIT growth across all four of our segments in the second half of the year. And as Rusty said, that presumes continued strong demand.

And the only thing we see that would interrupt that would be some issues with Covid because the demand across all our businesses is strong, and both the demand dynamics that we see, the new products that we have in line and the massive amount of stimulus in the United States all indicate that it will be a strong year and that it will be particularly strong as we get these supply chain challenges behind us. That's going to take a couple of quarters, though.

Richard Garchitorena - *Wells Fargo Securities, LLC, Research Division - Associate Analyst*

Okay, great. And then just a follow-up. On the MAP to Growth incremental savings of $50 million this fiscal 2022, can you remind us how that's going to flow through the segments? And I know you're working on the next leg, MAP 2.0. Maybe if there's anything you can give us in terms of where you're focused on there as well.

Frank C. Sullivan - *RPM International Inc. - Chairman, President & CEO*

Sure. I don't know that we provided how it would flow through the segments. It ought to flow around $10 million to $12 million a quarter throughout the fiscal year, relatively evenly except for the seasonal low third quarter. And MAP to Growth 2.0 is something that we had targeted having put out an Investor Day in November of 2018 for something around that time frame.

But given the massive disruptions of the supply chain challenges, I think -- I know that our decision is to better solidify what's happening, have more certainty around our supply chains on a go-forward basis and then come out. So probably in the spring with some more details on what we think of as MAP to Growth 2.0.

Operator

Our next question comes from the line of Mr. Steve Byrne from Bank of America.

Luke Washer - *BofA Securities, Research Division - Research Analyst*

Sorry to disappoint, this is Luke Washer on for Steve. You talked in the past -- Frank, in the past, you've talked about the opportunities you see in driving top-line growth, specifically as it relates to opening up new sales channels, identifying cross-selling opportunities and expanding internationally. Can you talk more about how you're incentivizing your four segment leaders to collaborate more than has been done historically? What have you changed that's really driving that top-line sales growth that you're looking for?

Frank C. Sullivan - *RPM International Inc. - Chairman, President & CEO*

Sure, that's a great question. So, a couple of things that we've changed, and Covid helped drive some of this, although MAP to Growth was getting us there. We have a much more often and more collaborative across our group communications than we've had in the past. And we are measuring what we call Connections Creating Value that we've been talking about for 10 years and improving for 10 years, now very metrically across two categories. One is what's driving revenue growth in terms of technology transfer, channel sharing and/or leads from one division to another. And then the other area is on the cost side, where we've gotten much more efficient and cooperative in having one RPM company produce for another RPM company.

Give you just a couple of quick examples. All of our wood stains and finishes under the Varathane brand for Rust-Oleum are produced by our Wood Finishes Group. DayGlo, which is the world leader in fluorescent color, is also a really high-performance and specialty producer of polymers, and they're providing tens of millions of dollars of polymers to other RPM companies. And it's not just providing in-house production. It's collaborating with those companies for unique polymers.

We have a Specialty Coatings business, or not Specialty Coatings, specialty chemical business called Arnette Polymers, that's part of Stonhard. Their growth has gone from $15 million to $30 million in terms of supplying multiple RPM companies, critical raw materials, chemical raw materials. And as you might imagine, we're investing heavily in that, given the supply chain challenges we have today.

So, I can give you tons of examples, but we're measuring that a lot more concretely. We are finally having some really solid success in the introduction of the roof restoration coatings of Tremco through our Consumer Group channels into big boxes. We had mentioned that in the past. Unfortunately, our big kickoff introduction was in the spring of '20, so it was disrupted by Covid. Post Covid, that is taking off.

And so, the potential for our Construction Products Group, roof restoration coatings, sealants and concrete repair products into our Consumer Group, strong home center customers in the coming years, I think, could be hundreds of millions of dollars. And so, this is an area that we've spent a lot of time talking about and focusing on and now measuring that's going to produce some really good results for us in the coming years.

Luke Washer - *BofA Securities, Research Division - Research Analyst*

Sounds good, Frank. And I wanted to touch a little bit on your MAP 2.0 program. I know you're going to be talking about that a little bit later, it sounds like. But is this really going to be an initiative to drive further margins to that 16% EBIT level that you've talked about? Or could we also see potential sales targets looking out to 2025? And as you look at the MAP 2.0 program, are there specific lessons that you learned from the original MAP program that you're looking to take to the MAP 2.0? Any kind of examples of the learnings that you've had from the original program?

Frank C. Sullivan - *RPM International Inc. - Chairman, President & CEO*

Sure. So, in the MS-168 or manufacturing area, Covid disrupted our ability to take these continuous improvement initiatives into our small and medium plants. And so, there's certainly tens of millions of dollars of benefits that we were not able to get to that we would get to going forward. There is a whole another level of indirect spend that our procurement activities, which have been highly successful, have not gotten to. So that's an area for us.

And then there are a number of areas on the revenue side, and that will be much more a part of MAP to Growth 2.0, where we have some opportunities to really spend with big growth. We have our Kop-Coat industrial business, which has got some exciting opportunities in ag chemicals. Our Mantrose business is working on a product called VerdeCoat. It's patented, and it is a coating for paper and cardboard that would allow for use in various food packaging, including temporary food packaging like the plastic clamshells that we've been all using for the last two years, that both serves its purpose of temporary packaging relative to fats or other food items but is also completely compostable or biodegradable.

So, there are a number of exciting areas for us, particularly in our Specialty Products Group that we will talk about in more detail in MAP to Growth 2.0.

Operator

Our next question comes from the line of Josh Spector from UBS.

Joshua Spector - *UBS Investment Bank, Research Division - Equity Research Associate - Chemicals*

Just on Construction within EMEA in particular in your illbruck brand, just wondering if you can give some thoughts on where you are there versus 2019 and how things are developing currently versus the last quarter.

Frank C. Sullivan - *RPM International Inc. - Chairman, President & CEO*

Sure. Under the leadership of Melissa Schoger, and she reports to Paul Hoogenboom, we have made great progress. And we took a collection of relatively independent and decentralized businesses that were under scale. We had Dryvit businesses there. We had illbruck. We had different Tremco businesses there, Flowcrete. And now they are all operating as the Tremco Construction Products Group in Europe.

We have integrated back-office functions. We have coordinated, in some cases, consolidated sales forces. And we really have created greater efficiency, greater focus and, in some cases, better scale. And that's an area where we went from mid-single-digit EBIT margins to low-double-digit EBIT margins and there's more to come. And so, I appreciate that question because it was really an area that was decentralized and, to a certain extent, unfocused. And our Construction Products Group leadership team has brought real focus and discipline to that. And we're in a much better position to drive solid bottom-line growth with topline performance. So, we made a lot of strides there.

Joshua Spector - *UBS Investment Bank, Research Division - Equity Research Associate - Chemicals*

Appreciate that, Frank. I guess what I was trying to go with that was more from a volume perspective and trying to understand if there is room for further recovery there, perhaps than what you've seen in North America and the rest of the segment. Or would you say things are generally similar regionally?

Frank C. Sullivan - *RPM International Inc. - Chairman, President & CEO*

No. There's clearly room for growth. This is our experience and it's also in the headlines. The United States is leading the economic recovery and the solid demand we're seeing that's high-single digit, low-double digits is -- and you see it in our fourth-quarter organic growth, is principally U.S.-driven. I would say Europe, because of some resurgence in Covid is probably three to six months behind the United States.

The rest of the world that we operate in, quite candidly, is a pretty good mess, and the results that our people are generating is pretty incredible. And I say that about Latin America, we have a big operation in Brazil. We're in Colombia, we're in Mexico, but Covid is still a rising challenge there. We have an African and Middle East business that's run out of South Africa by a great team. And they performed extraordinarily well, although Covid continues to be an issue in that market. And then we're not a big player in Asia Pacific, but our largest presence there is in India. And again, they also have their Covid challenges. So, unless things turn around there, I would say that, that rest of the world is probably a year behind where we are in the U.S.

Operator

Our next question comes from the line of Mr. Jeff Zekauskas from JPMorgan.

Jeffrey Zekauskas - *JPMorgan Chase & Co, Research Division - Senior Analyst*

You use the FIFO accounting. So, if it turns out that your raw material costs didn't rise after the end of your May quarter, and I know they did, but if they didn't, how long would it take till you were reflecting that level of raw material costs? In other words, how long is the LIFO/FIFO delay?

Frank C. Sullivan - *RPM International Inc. - Chairman, President & CEO*

So I think the LIFO/FIFO delay versus our peers is probably 60 or 90 days. And we're on FIFO because somebody, about seven years ago, decided to be on FIFO and then accounting regulations disallowed a change to LIFO. So, we are where we are and don't have that flexibility of changing. But the delay versus our peers is about 60 to 90 days.

Jeffrey Zekauskas - *JPMorgan Chase & Co, Research Division - Senior Analyst*

Okay. And do you guys -- and in your negotiations with the large big boxes, in your commentary, it sounds like you negotiate on prices once a year. Is that true? And are you trying to have a different kind of negotiation with them? Or do you have to wait until next year comes before you can effectively with them with the big boxes?

Frank C. Sullivan - *RPM International Inc. - Chairman, President & CEO*

Yes. We had price negotiations and price increases that averaged in the 5% to 6% range with most of our Consumer customers, in fact, with all of our Consumer customers in the spring. And as Rusty commented, our raw material situation has escalated rapidly and further from there, and we intend to have price negotiation discussions with all of our Consumer customers at the end of the summer or early fall.

Jeffrey Zekauskas - *JPMorgan Chase & Co, Research Division - Senior Analyst*

Okay, great. And then lastly, do you quantify what your FIFO benefit is relative to LIFO for 2021 and for the May quarter?

Frank C. Sullivan - *RPM International Inc. - Chairman, President & CEO*

Yes. I don't think there's a -- I think there is a LIFO reserve that people on LIFO get to talk about. There's no FIFO benefit.

Operator

Our next question comes from the line of Mr. Mike Harrison from Seaport Research.

Michael Harrison - *Seaport Research Partners - MD & Senior Chemicals Analyst*

In Specialty, Frank, you called out the strong results. You mentioned some recent changes in management and business development initiatives. Can you give a little more detail on what's going right in that business? And maybe talk about your confidence level that we're seeing sustained improvements in that Specialty business.

Frank C. Sullivan - *RPM International Inc. - Chairman, President & CEO*

Sure. First of all, Ronnie Holman, who's been part of RPM, he was -- ran the lab at our Chemical Coatings business in Hickory, North Carolina, 30 years ago and he's been with RPM ever since. He's running that division, succeeds Steve Knoop and has done a great job. Those businesses were relatively starved of growth capital because many of them were part of the SPHC bankruptcy process to address the Bondex asbestos issue that's behind us.

And so, two things have happened under Ronnie's leadership. Number one, we changed operating company leadership in a lot of places. In the last two years, we have a new leader at DayGlo, a new leader at our TCI Powder Coatings business. We have a long-serving leader at our Mantrose food group that retired and have a new leader there. And so, there's been a significant number of leadership changes really to get those organizations revitalized.

We talked about our MAP to Growth program and somebody earlier had asked about MAP to Growth 2.0 and an emphasis on sales, and I think that's very perceptive. As part of our MAP to Growth, we added work with McKinsey, specifically at three different Specialty Products Group companies: our DayGlo business, our Mantrose business and our Kop-Coat industrial business. And I laughed with our board, if my father, God bless him, heard me tell our board that we hired McKinsey & Company or Oliver Wyman or any of these other good consulting firms to work on growth strategy with our businesses, he'd be rolling over in his grave.

But we are. And the combination of new leaders and some outside perspective and some views of the markets and the opportunities that are beyond what we have the resources to do here, have us on track for some very, very exciting growth in those businesses. And what spurred that, and I've said it in the past is, these are businesses with opportunities literally to double or triple their sales. And if we can't get on that path, we would consider their divestment.

So right now, we're in a good place there and we're very excited about what we see. And the leaders in those businesses are really generating positive momentum, and we'll talk more in detail about that when we reveal MAP to Growth 2.0.

Michael Harrison - *Seaport Research Partners - MD & Senior Chemicals Analyst*

All right. And then maybe a question for Rusty. You mentioned the non-operating segment was elevated due to the insurance costs and higher incentive comp. Looking forward into fiscal '22, is something in the $25 million to $30 million per quarter range a good placeholder for nonoperating costs? Any guidance for that segment?

Russell L. Gordon - *RPM International Inc. - VP & CFO*

Yes, you're in the right range, Mike.

Operator

Our last question comes from the line of Mr. Arun Viswanathan from RBC Capital Markets.

Arun Viswanathan - *RBC Capital Markets, Research Division - Senior Equity Analyst*

I guess I wanted to get your thoughts on your perspective. So, you've obviously incurred a lot of raw material inflation. We've been hearing that from a number of folks. Maybe if you go across your different segments, just could I get your thoughts on how your suppliers, your partners, your customers are dealing with the raw material inflation as well?

You don't get the sense that a lot of it is being placed upon you, or do you feel any support from your partners here to shoulder some of this pain? Or is it being placed squarely on the coatings companies? And I guess I'm just curious, especially in the Consumer segment, where again, you are doing a lot to meet demand. So just wondering what kind of share you're getting on some of these raw material increases.

Frank C. Sullivan - *RPM International Inc. - Chairman, President & CEO*

Yes, thank you. I think many of our suppliers are working double time to get their own production back in order. And it's particularly related to the U.S. chemical supply and the impact of this Texas winter storm and then the power outages had, and that's disrupted things. The other thing that was far more disruptive than I think people realized until winter storm Uri happened was how underinvested or off-line in the chemical industry and many supply bases around the globe relative to Covid and actions people took in Covid.

REFINITIV

People are also waking up to the fact that China controls the vast majority of shipping containers. Those costs have gone through the roof. You've got port problems in China and Long Beach, California. So, when materials get from Asia to Long Beach, they can sit for three or four weeks before they're offloaded. So, I could go on and on. We have had suppliers that have been over backwards.

Two other comments on that. Clearly, epoxy resin's a huge raw material for us, is up significantly in terms of costs. Acrylic resins are up. All kinds of primary raw materials are up in terms of price. But the things that are disrupting us the most are like the critical ingredients to some of those. I talked about alkyd resins, a very important chemical raw material for our Consumer Group and particularly small project paints. Penta is an ingredient to that. It's in short supply globally. And so that's a challenge for anybody producing alkyd resins.

And then sadly, as I commented earlier, there was an explosion at an alkyd resin producer in Ohio, and it ended up in a real tragic circumstance. That one supplier supplied roughly 30% of the alkyd resins in North America. They are off-line. And so, we've had to work hard to replace them. We've worked with them. So, the level of cooperation and work within the supply chain, I think, is better than you would expect, given all these disruptions.

And we are working overtime both in terms of expanding additional opportunities. So, we're supplying some raws from Europe and from Asia that were traditionally supplied in the United States. We're expanding some of our own chemical -- specialty chemical capabilities and the responses that we have, I don't think, are unique to RPM in this circumstance.

Arun Viswanathan - *RBC Capital Markets, Research Division - Senior Equity Analyst*

Great. And just as a quick follow-up then. If you consider that, potentially, there are some capacity additions coming that would help, maybe some of the supply chain tightness loosens up as well. How are you -- how should we assume kind of the upper-teens raw material increases kind of progress from here? Do you expect that to kind of moderate in a ratable fashion, say, over the next four quarters? When do you expect your pricing to catch up to the raw materials inflation that you've experienced?

Frank C. Sullivan - *RPM International Inc. - Chairman, President & CEO*

Sure. I'll tell you the two things that we think about here as we think about that. I think we feel like we're kind of in the teeth of the worst part of it now, and that we should be working our way out of these challenges in the coming months and the coming quarters. The things that we worry about, the principal thing that we worry about, which would be unique to RPM is the chemical industry rebooting, rebuilding in North America is happening and it's happening at a pretty good pace. But our chemical supply base is pretty much Gulf Coast in Texas positioned in North America, and a major hurricane that further disrupted that area could put everybody way back on their heels.

And so, we don't predict the weather. I'm just telling you relative to, I think, what's a very perceptive question. On the one hand, it feels like we're in the worst of it and it's starting to get better. On the other hand, as we look forward, we ask ourselves, "All right, what are the things that we need to be prepared for and how can we be prepared?" And that's one of the things that's on people's mind.

Operator

There are no questions at this time. Please continue.

Frank C. Sullivan - *RPM International Inc. - Chairman, President & CEO*

Thank you for your participation on our call today. I particularly want to thank our associates who found ways to grow our businesses throughout the last year and a half years through Covid and now through these supply chain difficulties and, all along, successfully executing on our MAP to Growth operating improvement program. We look forward to providing you the details of our first quarter results when we meet in October. We also plan to have the RPM Annual Meeting of Stockholders during the first week of October in person, which will be the first time in nearly two years. And we remain grateful for your interest and investment in RPM. Thank you, and have a great day.

Operator

This concludes today's conference call. Thank you for participating. You may now disconnect. Presenters, please stand by for the post conference.