



# Fiscal 2023 First-Quarter Results

---

October 5, 2022

**RPM**  
LISTED  
**NYSE**

# Forward-Looking Statements & Regulation G

This presentation contains “forward-looking statements” relating to our business. These forward-looking statements, or other statements made by us, are made based on our expectations and beliefs concerning future events impacting us and are subject to uncertainties and factors (including those specified below), which are difficult to predict and, in many instances, are beyond our control. As a result, our actual results could differ materially from those expressed in or implied by any such forward-looking statements. These uncertainties and factors include (a) global markets and general economic conditions, including uncertainties surrounding the volatility in financial markets, the availability of capital, and the viability of banks and other financial institutions; (b) the prices, supply and availability of raw materials, including assorted pigments, resins, solvents, and other natural gas-and oil-based materials; packaging, including plastic and metal containers; and transportation services, including fuel surcharges; (c) continued growth in demand for our products; (d) legal, environmental and litigation risks inherent in our construction and chemicals businesses and risks related to the adequacy of our insurance coverage for such matters; (e) the effect of changes in interest rates ; (f) the effect of fluctuations in currency exchange rates upon our foreign operations; (g) the effect of non-currency risks of investing in and conducting operations in foreign countries, including those relating to domestic and international political, social, economic and regulatory factors; (h) risks and uncertainties associated with our ongoing acquisition and divestiture activities; (i) the timing of and the realization of anticipated cost savings from restructuring initiatives and the ability to identify additional cost savings opportunities; (j) risks related to the adequacy of our contingent liability reserves; (k) risks relating to the Covid pandemic; (l) risks related to adverse weather conditions or the impacts of climate change and natural disasters; (m) risks relating to the Russian invasion of Ukraine and other wars;(n) risks related to data breaches and data privacy violations; and (o) other risks detailed in our filings with the Securities and Exchange Commission, including the risk factors set forth in our Annual Report on Form 10-K for the year ended May 31, 2022, as the same may be updated from time to time. 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](http://www.rpminc.com) under Investor Information/Presentations.

# Record Q1-23 Results as Margins Recover with Sales Growth

## FINANCIAL HIGHLIGHTS

**\$1.93B**

RECORD Q1 SALES  
+17.1%

**\$30M**

MAP 2025 Savings  
enabled through  
improved material supply

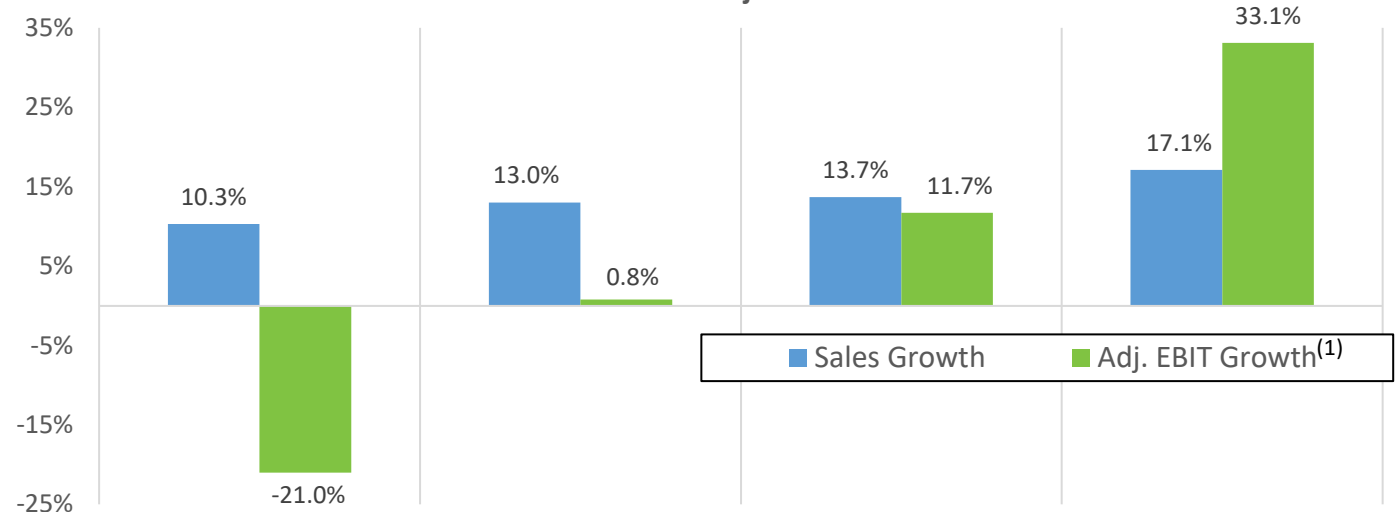
**\$255.5M**

RECORD EBIT  
+29.8%

**\$275.3M**

RECORD ADJUSTED EBIT  
+33.1%

Consolidated Sales and Adjusted EBIT Growth



	Q2-22	Q3-22	Q4-22	Q1-23
<b>Record Sales</b>	✓	✓	✓	✓
<b>Record Adjusted EBIT</b>		✓	✓	✓
<b>Supply Chain Challenges and Responses</b>	<ul style="list-style-type: none"> <li>Acquired production facility (Sep)</li> <li>Reconfigured products for new chips (Oct)</li> <li>Begin manufacturing alkyd resins (Nov)</li> </ul>	<ul style="list-style-type: none"> <li>New chips arrive and products begin to ship (Jan/Feb)</li> <li>Reformulate products for material shortages</li> </ul>	<ul style="list-style-type: none"> <li>Material supply improved</li> <li>Reformulate products for material shortages</li> </ul>	<ul style="list-style-type: none"> <li>Material supply further improved</li> <li>Realized \$30 million of MAP 2025 savings</li> </ul>

(1) Adjusted EBIT Growth is a non-GAAP financial measure. Refer to Appendix for reconciliations between GAAP and non-GAAP measures.

# All Segments Achieved Record Q1 Sales; Record Consolidated Q1 Adjusted EBIT

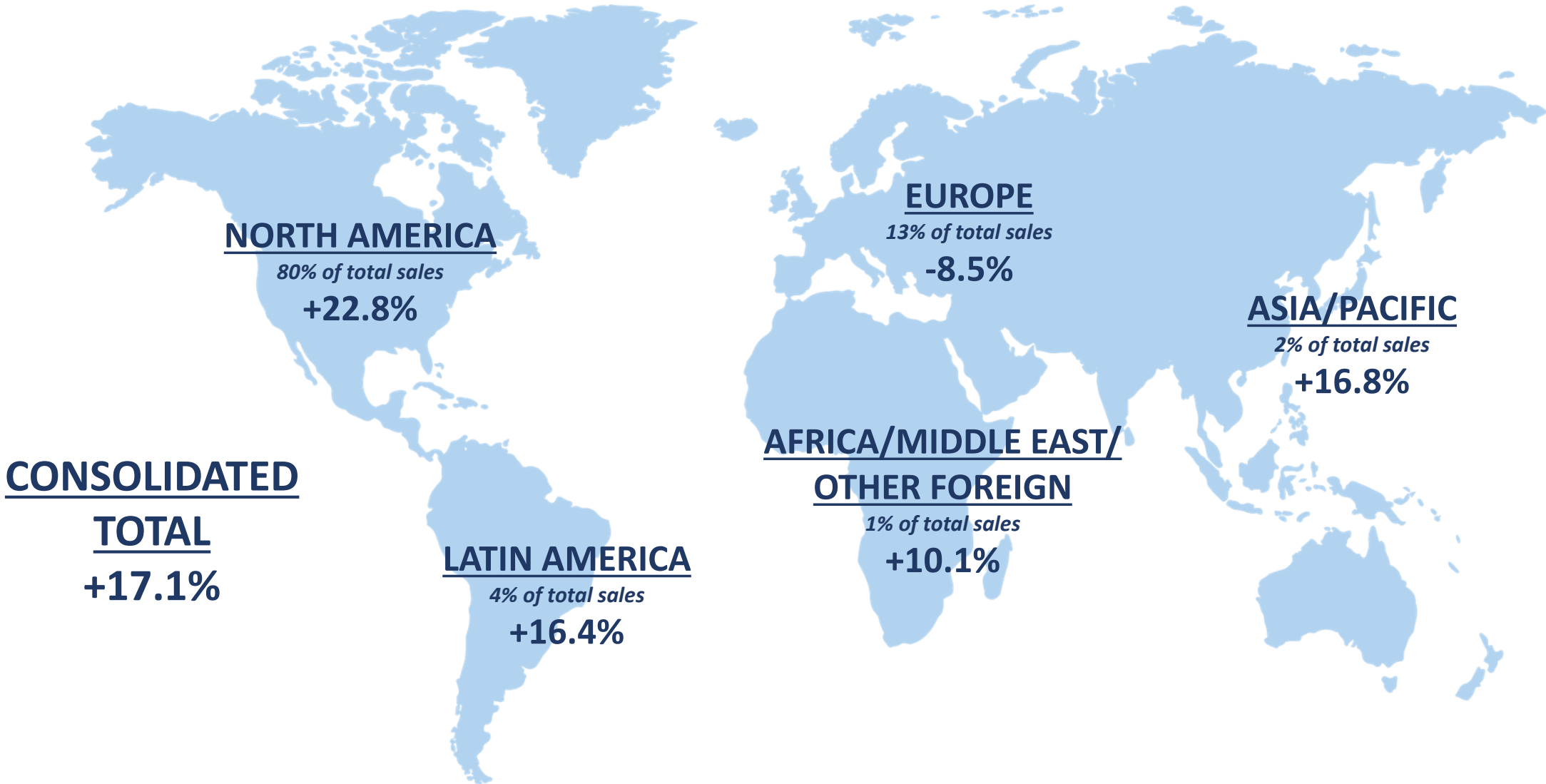
	CPG	PCG	SPG	Consumer	Consolidated
Record Sales	✓	✓	✓	✓	✓
Record Adjusted EBIT <sup>1</sup>		✓	✓		✓

## HIGHLIGHTS

- All 4 segments generated record first-quarter sales
- Sales growth driven by improved material supply from insourcing and qualifying new suppliers as well as pricing management
- Margin expansion resulted in record consolidated adjusted EBIT
- Adjusted EBIT growth led by Consumer, which benefited from MAP operational efficiencies that were realized as a result of improved material supply conditions

(1) Adjusted EBIT Growth is a non-GAAP financial measure. Refer to Appendix for reconciliations between GAAP and non-GAAP measures.

# Sales Growth in USD by Region | Q1-23



# Fiscal 2023 First-Quarter Financial Results | Consolidated

## Record sales and adjusted EBIT achieved

(\$ in millions, except per share amounts)	Q1 2023	Q1 2022	% Change
Sales	\$1,932	\$1,650	+17.1%
EBIT <sup>1</sup>	\$255	\$197	+29.8%
Adjusted EBIT <sup>1</sup>	\$275	\$207	+33.1%
Adjusted EBIT Margin <sup>1</sup>	14.2%	12.5%	+170 bps
Net Income	\$169	\$135	+25.6%
Diluted EPS	\$1.31	\$1.04	+26.0%
Adjusted Diluted EPS <sup>1</sup>	\$1.47	\$1.08	+36.1%

### HIGHLIGHTS

- Sales increased 17.1% to a record \$1.93 billion and included FX headwinds of 3.4%
- Sales driven by improved material supply from insourcing and qualifying new suppliers as well as pricing management
- Strong demand in U.S. and emerging markets; Europe weak
- Strong adjusted EBIT growth and margin expansion driven by MAP 2025 operational efficiencies that were realized as a result of improved material supply
- MAP 2025 savings of \$30 million
- Record adjusted diluted EPS

(1) EBIT, Adjusted EBIT, Adjusted EBIT Margin and Adjusted Diluted EPS are non-GAAP financial measures. Refer to Appendix for reconciliations between GAAP and non-GAAP measures.

# Fiscal 2023 First-Quarter Financial Results

*CPG generated record sales, but faced challenging markets in Europe and Canada*

## CONSTRUCTION PRODUCTS GROUP



(\$ in millions, except per share amounts)	Q1 2023	Q1 2022	% Change
Sales	\$730	\$644	+13.2%
EBIT <sup>1</sup>	\$110	\$116	-5.4%
Adjusted EBIT <sup>1</sup>	\$111	\$117	-5.1%
Adjusted EBIT Margin <sup>1</sup>	15.2%	18.2%	-300 bps

- Strength in roofing systems, which benefited from increased public sector spending, its turn-key service model and a focus on renovation
- Admixtures and repair products for concrete generated strong sales growth and grew share
- Pricing in response to persistent cost inflation and Asia-Pacific markets contributed to growth
- Profitability declined in Europe due to severe inflation and macroeconomic weakness
- Strikes and concrete shortages in Canada resulted in inefficiencies and declining earnings
- FX and mix were headwinds to profitability
- Incurred negative financial impact as Corsicana plant ramps production

(1) EBIT, Adjusted EBIT, and Adjusted EBIT Margin are non-GAAP financial measures. Refer to Appendix for reconciliations between GAAP and non-GAAP measures.



# Fiscal 2023 First-Quarter Financial Results

PCG revenue and adjusted EBIT increased to record levels

## PERFORMANCE COATINGS GROUP



(\$ in millions, except per share amounts)	Q1 2023	Q1 2022	% Change
Sales	\$340	\$286	+19.2%
EBIT <sup>1</sup>	\$47	\$35	+33.7%
Adjusted EBIT <sup>1</sup>	\$48	\$38	+27.6%
Adjusted EBIT Margin <sup>1</sup>	14.1%	13.1%	+100 bps

- Double-digit growth in flooring systems, protective coatings and fiberglass reinforced plastic grating, which are strategically positioned to benefit from trend of reshoring manufacturing to the U.S.
- Energy market demand was strong
- Emerging markets generated strong growth
- Volume growth, selling price increases and favorable mix resulting from digital sales management tools drove the record adjusted EBIT
- FX was a headwind

(1) EBIT, Adjusted EBIT, and Adjusted EBIT Margin are non-GAAP financial measures. Refer to Appendix for reconciliations between GAAP and non-GAAP measures.



# Fiscal 2023 First-Quarter Financial Results

## SPG generated record first-quarter sales and adjusted EBIT

### SPECIALTY PRODUCTS GROUP



(\$ in millions, except per share amounts)	Q1 2023	Q1 2022	% Change
Sales	\$203	\$182	+11.3%
EBIT <sup>1</sup>	\$28	\$25	+13.4%
Adjusted EBIT <sup>1</sup>	\$30	\$25	+18.9%
Adjusted EBIT Margin <sup>1</sup>	14.6%	13.7%	+90bps

- Strength in food coatings and additives, which new management team has positioned to benefit from increased institutional demand as pandemic-related restrictions eased
- Disaster restoration business worked through backlog created by previous semiconductor chip shortages
- Selling prices increased across most product lines in response to continued cost inflation
- Adjusted EBIT growth and margin expansion driven by improved sales and pricing, as well as positive fixed cost leverage from higher production volume in the disaster restoration business

(1) EBIT, Adjusted EBIT, and Adjusted EBIT Margin are non-GAAP financial measures. Refer to Appendix for reconciliations between GAAP and non-GAAP measures.

# Fiscal 2023 First-Quarter Financial Results

Record Q1 sales and strong adjusted EBIT growth driven by improved material supply and pricing

## CONSUMER GROUP



(\$ in millions, except per share amounts)	Q1 2023	Q1 2022	% Change
Sales	\$659	\$538	+22.5%
EBIT <sup>1</sup>	\$117	\$46	+154.5%
Adjusted EBIT <sup>1</sup>	\$117	\$47	+149.6%
Adjusted EBIT Margin <sup>1</sup>	17.8%	8.7%	+910 bps

- Improved material supply from insourcing and qualifying new suppliers drove record sales
- Pricing to catch up with persistent cost inflation also contributed to the strong increase in revenue
- MAP operational efficiencies realized as a result of improved material supply and pricing contributed to adjusted EBIT margins approaching long-term averages
- Q1-2022 results were extraordinarily low as a result of significant supply chain disruptions caused by an explosion at an alkyd resin supplier, which created a favorable comparison for Q1-2023

(1) EBIT, Adjusted EBIT, and Adjusted EBIT Margin are non-GAAP financial measures. Refer to Appendix for reconciliations between GAAP and non-GAAP measures.

**RETURN OF CAPITAL**  
**\$1.5 billion returned**  
**to shareholders** since the  
beginning of FY19  
through dividends and share /  
convertible debt repurchases

## Q1-23 HIGHLIGHTS

- Paid \$51.4 million in dividends
- Repurchased \$25.0 million of shares
- Extended term of revolving credit facility to August 2027 and increased its size to \$1.35 billion from \$1.30 billion
- Revolving credit facility provides flexibility to implement strategic initiatives
- Extended maturity of term loan to August 2025 and prepaid \$50 million of principal, with outstanding principal now \$250 million

# Fiscal 2023 Second-Quarter Guidance

CATEGORY	OUTLOOK (YOY)
<b>SALES   Consolidated</b>	Increase 9% to 12%
Construction Products Group	Increase high-single-digits
Performance Coatings Group	Increase high-single-digits to low-double-digits
Specialty Products Group	Increase high-single-digits
Consumer Group	Increase in the teens
<b>ADJUSTED EBIT   Consolidated</b>	Increase 30% to 40%

## Company Self-Help Measures

- (+) Measures to improve material supply
- (+) MAP 2025 initiatives
- (+) Businesses positioned to benefit from reshoring of manufacturing and infrastructure / stimulus spending
- (+) Strategic diversity of business portfolio including:
  - Negligible auto / China exposure
  - Focus on maintenance & restoration and energy conservation

## Headwinds to Growth

- (-) Macroeconomic weakness in Europe
- (-) Rising interest rates
- (-) Tight supply chain
- (-) Strong U.S. dollar
- (-) High inflation



# Appendix

---

Reconciliation of Non-GAAP to GAAP Measures

October 5, 2022

# Consolidated Statements of Income: Three Months

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

	Three Months Ended August 31,				
	2022	%	2021	%	% Change
<b>Net Sales</b>	\$ 1,932,320		\$ 1,650,420		17.1
<b>Cost of Sales</b>	1,187,849	61.5	1,037,069	62.8	
<b>Gross Profit</b>	744,471	38.5	613,351	37.2	
<b>SG&amp;A</b>	485,205	25.1	418,850	25.4	
<b>Restructuring Expense</b>	1,354	0.1	1,010	0.1	
<b>Other Expense (Income), Net</b>	2,416	0.1	(3,339)	(0.2)	
<b>EBIT** (non-GAAP measure)</b>	255,496	13.2	196,830	11.9	29.8
<b>Interest Expense</b>	26,711	1.3	21,109	1.2	
<b>Investment Expense (Income), Net</b>	3,664	0.2	(5,750)	(0.3)	
<b>Income Before Taxes</b>	225,121	11.7	181,471	11.0	
<b>Provision for Income Taxes</b>	55,842	2.9	46,676	2.8	
<b>Net Income</b>	169,279	8.8	134,795	8.2	25.6
<b>Less: Net Income Attributable to Noncontrolling Interests</b>	266	0.0	213	0.0	
<b>Net Income Attributable to RPM Stockholders</b>	\$ 169,013	8.8	\$ 134,582	8.2	25.6
<b>Diluted EPS</b>	\$ 1.31		\$ 1.04		26.0

NOTE – Refer to “Non-GAAP Financial Measures” slide for definition of EBIT.

# Non-GAAP Financial Measures

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

**\*Interest (Income) 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 (income) expense, net, essentially relates to corporate functions, as opposed to segment operations.

**\*\*\*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.



# Adjustments Detail

- a) Charges recorded in Cost of Goods Sold related to inventory write-offs in connection with restructuring activities at our Consumer, Construction Products and Specialty Products segments, partially offset by subsequent recoveries and revisions of accrual estimates.
- b) Reflects restructuring charges, including headcount reductions, closures of facilities and related costs, all in relation to our Margin Acceleration Plan (“MAP to Growth”) and our Margin Achievement Plan (“MAP 2025”), together MAP initiatives.
- c) Accelerated costs, including depreciation and amortization expense related to the shortened useful lives of facilities, equipment, and ERP systems that are currently in use, but are in the process of being retired associated with various MAP initiatives including facility closures, exiting a business, and ERP consolidation.
- d) Reflects subsequent collections of amounts previously written off to our allowance for doubtful accounts as a result of a change in market and leadership strategy.
- e) Includes implementation costs associated with our ERP consolidation plan and decision support tools.
- f) Comprises professional fees incurred in connection with our MAP initiatives.
- g) Acquisition costs reflect amounts included in gross profit for inventory step-ups.
- h) Reflects unusual compensation costs that resulted from executive departures related to our MAP to Growth, including stock and deferred compensation plan arrangements, offset by subsequent revisions of accrual estimates.
- i) Reflects unusual compensation costs that resulted from executive departures unrelated to our MAP to Growth.
- j) Reflects gains incurred upon divestiture of a business and/or assets.
- k) Investment returns include realized net gains and losses on sales of investments and unrealized net gains and losses on equity securities, which are adjusted due to their inherent volatility. Management does not consider these gains and losses, which cannot be predicted with any level of certainty, to be reflective of the company's core business operations.

# Reconciliation of "Reported" to "Adjusted" EPS: Three Months

(Unaudited)

<u>Reconciliation of Reported Earnings per Diluted Share to Adjusted Earnings per Diluted Share (All amounts presented after-tax):</u>	<u>Three Months Ended August 31,</u>	
	<u>2022</u>	<u>2021</u>
Reported Earnings per Diluted Share	\$ 1.31	\$ 1.04
Restructuring expense (b)	0.01	0.01
ERP consolidation plan (e)	0.01	0.01
Professional fees (f)	0.10	0.03
Unusual executive costs (i)	-	0.01
Investment returns (k)	0.04	(0.02)
<b>Adjusted Earnings per Diluted Share****</b>	<b>\$ 1.47</b>	<b>\$ 1.08</b>

\*\*\*\*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 "Adjustments detail" slide for further information on adjustments outlined above

# EBIT\*\* (Non-GAAP Measure): RPM Consolidated: Three Months

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

	Three Months Ended August 31,	
	2022	2021
<b>Net Income</b>	\$ 169,279	\$ 134,795
<b>Provision for Income Taxes</b>	55,842	46,676
<b>Income Before Income Taxes</b>	225,121	181,471
<b>Interest Expense</b>	26,711	21,109
<b>Investment Expense (Income), Net</b>	3,664	(5,750)
<b>EBIT** (non-GAAP measure)</b>	255,496	196,830
<b>Inventory-related charges (recoveries) (a)</b>	76	(71)
<b>Restructuring expense (b)</b>	1,592	1,607
<b>Accelerated expense - other (c)</b>	87	378
<b>Receivable (recoveries) (d)</b>	-	(28)
<b>ERP consolidation plan (e)</b>	1,201	1,097
<b>Professional fees (f)</b>	16,813	4,701
<b>Acquisition-related costs (g)</b>	-	339
<b>Unusual (credits) triggered by executive departures (h)</b>	-	(8)
<b>Unusual executive costs (i)</b>	-	1,983
<b>Divestitures (j)</b>	-	(22)
<b>Adjusted EBIT*** (non-GAAP measure)</b>	\$ 275,265	\$ 206,806
<b>Net Sales</b>	\$ 1,932,320	\$ 1,650,420
<b>Adj EBIT*** as a % of Net Sales (non-GAAP measure)</b>	14.2%	12.5%

NOTE – Refer to “Non-GAAP Financial Measures” slide for definitions of non-GAAP measures identified (\*) in the table above and “Adjustments Detail” slide for further information on adjustments outlined above.

# EBIT\*\* (Non-GAAP Measure): Construction Products Segment: Three Months

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

	Three Months Ended August 31,	
	2022	2021
Income Before Income Taxes	\$ 109,202	\$ 114,357
Add: Interest Expense, Net*	767	1,870
<b>EBIT** (non-GAAP measure)</b>	<b>109,969</b>	<b>116,227</b>
Inventory-related charges (recoveries) (a)	24	(75)
Restructuring expense (b)	57	220
Accelerated expense - other (c)	87	244
ERP consolidation plan (e)	574	498
Professional fees (f)	439	83
Divestitures (j)	-	(18)
<b>Adjusted EBIT*** (non-GAAP measure)</b>	<b>\$ 111,150</b>	<b>\$ 117,179</b>
Net Sales	\$ 729,697	\$ 644,362
<b>Adj EBIT*** as a % of Net Sales (non-GAAP measure)</b>	<b>15.2%</b>	<b>18.2%</b>

NOTE – Refer to “Non-GAAP Financial Measures” slide for definitions of non-GAAP measures identified (\*) in the table above and “Adjustments Detail” slide for further information on adjustments outlined above.

# EBIT\*\* (Non-GAAP Measure): Performance Coatings Segment: Three Months

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

	Three Months Ended August 31,	
	2022	2021
<b>Income Before Income Taxes</b>	\$ 46,954	\$ 35,077
<b>Add: Interest (Income), Net*</b>	(181)	(82)
<b>EBIT** (non-GAAP measure)</b>	<b>46,773</b>	<b>34,995</b>
<b>Restructuring (credit) expense (b)</b>	(37)	889
<b>Accelerated expense - other (c)</b>	-	7
<b>Receivable (recoveries) (d)</b>	-	(28)
<b>ERP consolidation plan (e)</b>	539	600
<b>Professional fees (f)</b>	600	728
<b>Acquisition-related costs (g)</b>	-	339
<b>Adjusted EBIT*** (non-GAAP measure)</b>	<b>\$ 47,875</b>	<b>\$ 37,530</b>
<b>Net Sales</b>	<b>\$ 340,434</b>	<b>\$ 285,595</b>
<b>Adj EBIT*** as a % of Net Sales (non-GAAP measure)</b>	<b>14.1%</b>	<b>13.1%</b>

**NOTE – Refer to “Non-GAAP Financial Measures” slide for definitions of non-GAAP measures identified (\*) in the table above and “Adjustments Detail” slide for further information on adjustments outlined above.**

# EBIT\*\* (Non-GAAP Measure): Specialty Products Segment: Three Months

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

	Three Months Ended August 31,	
	2022	2021
Income Before Income Taxes	\$ 27,885	\$ 24,556
Add: Interest (Income) Expense, Net*	(2)	35
EBIT** (non-GAAP measure)	27,883	24,591
Inventory-related charges (a)	52	-
Restructuring expense (b)	1,165	192
Accelerated expense - other (c)	-	152
Professional fees (f)	549	-
Unusual (credits) triggered by executive departures (h)	-	(8)
Adjusted EBIT*** (non-GAAP measure)	\$ 29,649	\$ 24,927
Net Sales	\$ 202,697	\$ 182,055
Adj EBIT*** as a % of Net Sales (non-GAAP measure)	14.6%	13.7%

NOTE – Refer to “Non-GAAP Financial Measures” slide for definitions of non-GAAP measures identified (\*) in the table above and “Adjustments Detail” slide for further information on adjustments outlined above.

# EBIT\*\* (Non-GAAP Measure): Consumer Segment: Three Months

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

	Three Months Ended August 31,	
	2022	2021
Income Before Income Taxes	\$ 116,689	\$ 45,915
Add: Interest (Income), Net*	(26)	(75)
<b>EBIT** (non-GAAP measure)</b>	<b>116,663</b>	<b>45,840</b>
Inventory-related charges (a)	-	4
Restructuring expense (b)	407	306
Accelerated (credits) - other (c)	-	(25)
Professional fees (f)	-	9
Unusual executive costs (i)	-	764
Divestitures (j)	-	(4)
<b>Adjusted EBIT*** (non-GAAP measure)</b>	<b>\$ 117,070</b>	<b>\$ 46,894</b>
Net Sales	\$ 659,492	\$ 538,408
<b>Adj EBIT*** as a % of Net Sales (non-GAAP measure)</b>	<b>17.8%</b>	<b>8.7%</b>

NOTE – Refer to “Non-GAAP Financial Measures” slide for definitions of non-GAAP measures identified (\*) in the table above and “Adjustments Detail” slide for further information on adjustments outlined above.