REFINITIV STREETEVENTS

EDITED TRANSCRIPT

RPM.N - Q2 2025 RPM International Inc Earnings Call

EVENT DATE/TIME: JANUARY 07, 2025 / 3:00PM GMT

OVERVIEW:

Company Summary

REFINITIV

CORPORATE PARTICIPANTS

Matt Schlarb *RPM International Inc - Vice President - Investor Relations & Sustainability*

Frank Sullivan *RPM International Inc - Chairman and Chief Executive Officer*

Michael Laroche *RPM International Inc - Vice President, Controller and Chief Accounting Officer*

Russell Gordon *RPM International Inc - Vice President and Chief Financial Officer*

CONFERENCE CALL PARTICIPANTS

Mike Harrison *Seaport Global Holdings LLC - Analyst*

John Roberts *Mizuho Securities USA, LLC - Analyst*

Josh Spector *UBS Securities LLC - Analyst*

Vincent Andrews *Morgan Stanley Co. LLC - Analyst*

John McNulty *BMO Capital Markets (US) - Analyst*

Frank Mitsch *Fermium Research LLC - Analyst*

David Huang *Deutsche Bank - Analyst*

Kevin McCarthy *Vertical Research Partners LLC - Analyst*

Jeff Zekauskas *J.P. Morgan Securities LLC - Analyst*

Mike Sison *Wells Fargo Securities, LLC - Analyst*

Aleksey Yefremov *KeyBanc Capital Markets Inc. - Analyst*

Ghansham Panjabi *Robert W. Baird & Co., Inc. - Analyst*

Arun Viswanathan *RBC Capital Markets Wealth Management - Analyst*

Steve Byrne *BofA Global Research - Analyst*

PRESENTATION

Operator

Good day and welcome to the RPM International Fiscal Year 2025 Second Quarter Earnings Call. (Operator Instructions) Please note that this event is being recorded.

I would now like to turn the conference over to Matt Schlarb, Vice President of Investor Relations and Sustainability. Please go ahead.

Matt Schlarb - *RPM International Inc - Vice President - Investor Relations & Sustainability*

Thank you, Nick. And welcome to RPM International's conference call for the fiscal 2025 second quarter. Today's call is being recorded. Joining today's call are Frank Sullivan, RPM's Chair and CEO; Rusty Gordon, Vice President and Chief Financial Officer; and Michael LaRoche, Vice President, Controller and Chief Accounting Officer. 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. Also, please note that our comments will be on an as-adjusted basis and all comparisons are to the second quarter of fiscal 2024, unless otherwise indicated.

We have provided a supplemental slide presentation to support our comments on this call. It can be accessed in the Presentations and Webcasts section of the RPM website at www.rpminc.com.

Now I would like to turn the call over to Frank.

Frank Sullivan - *RPM International Inc - Chairman and Chief Executive Officer*

Thanks, Matt, and thank you to everybody joining us for today's call. I'll start by providing a high-level review of our results, then Mike Laroche will cover the financials in more detail. Matt Schlarb will then give a balance sheet update and provide details on our MAP 2025 progress and Rusty Gordon will provide our outlook. At the conclusion of our prepared remarks, we'll be happy to answer your questions.

Our second quarter highlights are on slide 3. We had a strong quarter with records in several areas, including sales, adjusted EBIT margin, and adjusted EPS. We achieved these results in a continuing no- to low-growth macroeconomic environment and despite a $4.4 million earnings headwind from a customer bankruptcy charge in our consumer group. Additionally, we achieved record adjusted EBIT for the 12th consecutive quarter.

Over the last three years, our associates have consistently made progress implementing our MAP 2025 operating improvements while simultaneously demonstrating their ability to navigate mixed economic conditions to outgrow our markets. We are pleased with the structural improvements we've made to MAP 2025. Our pipeline of MAP improvements remains full and continues to grow and we will implement these initiatives for the balance of the 2025 fiscal year and in fiscal 2026.

Turning to slide 4, our ability to outgrow our markets was evident during the quarter as each one of our segments generated positive organic volume and sales in a mixed economic environment. Across our segments, we leveraged our focus on repair and maintenance and our entrepreneurial culture to capture growth opportunities.

Demand for our technical products serving high-performance construction projects was strong, particularly in our construction product group's turnkey roofing systems business. Residentially focused end markets, which have been under pressure for some time, showing signs of stabilizing in the second quarter, aided by favorable weather conditions through the first two months of the quarter. This was an incremental positive for our consumer and specialty products groups.

Across all our segments, we continued executing on MAP 2025 initiatives, including SG&A streamlining. It's important to note that after more than a year of increasing SG&A as a percent of sales declined during the quarter, which is due to our associates' focus on structurally reducing expenses while improving efficiencies. These MAP 2025 improvements drove adjusted EBIT growth in each of our four segments.

Rusty Gordon will cover this in more detail, but so far in the third quarter, we are facing real winter compared to mild conditions in the prior year. This is putting pressure on some of our businesses, particularly in the consumer segment, which is offsetting growth in other areas of RPM and MAP 2025 initiatives that we put in place. RPM associates continue to do an excellent job executing on the things within our control and I want to thank them for their commitment to our MAP 2025 program into growing their businesses and making RPM a structurally stronger organization.

To summarize our current and expected results, our strong MAP 2025-driven performance is being temporarily interrupted by a real winter. But we'll continue in our spring fourth quarter where we expect to see a return to strong sales and earnings growth.

I'd like to turn the call over to Michael Laroche to provide details on our quarterly results.

Michael Laroche - *RPM International Inc - Vice President, Controller and Chief Accounting Officer*

Thanks, Frank. Starting with consolidated results on slide 5. Record sales were driven by positive volumes and sales in all four segments, with FX being a headwind, particularly in emerging markets. The commodity cycle was neutral on a consolidated basis, but there were pockets of inflation, particularly within our consumer group.

Adjusted EBIT grew 7.7% to a second quarter record, driven by sales growth and MAP 2025 benefits including progress on facility consolidations and continued SG&A streamlining, partially offset by unfavorable mix. Adjusted EBIT includes the negative impact of a $4.4 million bad debt expense from a consumer group customer's bankruptcy. As Frank mentioned, adjusted EBIT margin of 13.8% was a second quarter record.

Adjusted EPS of $1.39 was also a second quarter record and increased 13.9% compared to the prior year. This was primarily driven by adjusted EBIT growth and lower interest expense from $226.5 million in debt paydown over the past 12 months.

Turning next to geographic results on slide 6. North American sales were generally solid across all segments. In Europe, macroeconomic conditions remain challenging. However, MAP 2025 improvements and improved collaboration in the region continued to drive strong profitability growth.

In Africa and Middle East, our management teams focused strategy on serving high-performance construction and infrastructure projects, with technical solutions-generated strong growth. FX headwinds drove the decline in Latin America sales, while Asia Pacific sales declined due to challenging comparisons to the prior year when large projects were completed.

Next, moving to the segments on slide 7. Construction products group generated another quarter of solid growth, run by its turnkey roofing systems and services business. With its focus on restoration, direct sales model, and high level of service, our roofing business offers a compelling value proposition to high-performance building owners and has been outgrowing its markets.

We've also introduced new products that contributed to sales growth. One example from our concrete admixtures and repair business includes a patent-pending bond breaker [you fill] tilt WB, which increases user productivity in the expanding tilt up construction market by providing clean release of [cas] panels and reduces need for repairs, in line with our Building a Better World sustainability program that also has lower VOCs than competing products.

We have also introduced VersaSpeed RMC, which is a premixed product that can be used in multiple restoration situations. It has low permeability and free [slot car] resistance to prevent cracking and is able to cope in only five hours to enhance productivity on the job site.

CPG second quarter sales in the Southeastern US were negatively impacted by hurricane activity in the quarter. Despite this, CPG achieved record Q2 adjusted EBIT due to sales growth and MAP 2025 benefits, partially offset by unfavorable mix.

On slide 8, performance coatings group achieved record sales, led by the flooring and protective coatings businesses serving high-performance construction projects. European sales growth was strong, driven by improved collaboration through MAP 2025. Double-digit sales improvement in Africa/Middle East also contributed to the growth. Adjusted EBIT was a second-quarter record and was driven by MAP 2025 benefits and sales growth.

Moving to slide 9. Specialty products group returned to sales growth led by the disaster restoration business, as the response to hurricane activity resulted in higher demand for its products. The food coatings and additive business also grew during the second quarter, aided by a previous acquisition. Specialty OEM, which serves many residential-focused end markets, showed signs of stabilization during the quarter. Adjusted EBIT growth was driven by MAP 2025 benefits as well as improved sales.

On slide 10, the consumer group also returned to sales growth in the quarter as we gain market share in DIY takeaway stabilized, but also aided by favorable weather conditions in September, October. Customer inventory levels were steady during the quarter. International growth continued, primarily driven by targeted marketing campaigns focused directly on end users. Consumer generated record adjusted EBIT in the quarter due to MAP 2025 benefits, higher sales, and the rationalization of lower margin products, particularly or partially offset by moderate inflation and negative impact of the $4.4 million in bad debt expenses from a customer bankruptcy.

Now I'll turn the call over to Matt, who will cover the balance sheet and cash flow and provide an update on MAP 2025 initiatives.

Matt Schlarb - *RPM International Inc - Vice President - Investor Relations & Sustainability*

Thank you, Mike. On slide 11, we continue to make progress on working capital efficiency. Working capital as a percentage of sales declined 100 basis points from the last year and 670 basis points from two years ago, driven by MAP 2025 initiatives. This working capital efficiency and expanded margins resulted in operational cash flow of $279 million during the quarter, the second highest amount in RPM's history. The record was in fiscal year 2024 when we benefited from a larger working capital increase as supply chains normalized. Strong cash flow over the past year has allowed us to reduce debt by $226 million.

In the second quarter, we increased our dividend for the 51st consecutive year, returned to $83.1 million to shareholders through dividends and share repurchases during the period. Liquidity remains strong at $1.5 billion.

Now I'd like to provide an update on our MAP 2025 initiatives on slide 12. As Frank mentioned earlier, we are confident that we will be able to continue building on the structural progress we have made in MAP 2025, and our Green Belt program is one example why. Our Green Belt program is part of MS 168. It is a process-driven program that helps our associates identify areas for improvement, create solutions to address those challenges, implement the solutions, and then monitor the results.

What started as a small program focused on the US has expanded globally, and we now have over 400 associates with completed training, which is now offered in seven different languages. Six of these Green Belts have been promoted to plant managers. To date, more than $36 million in verified savings have been recorded, and that number grows monthly. Initially a top-down program, it has evolved to become more collaborative and has resulted in sharing ideas and best practices across businesses.

In addition to financial savings, we are realizing other benefits such as improving safety, reducing waste and decreasing our environmental impact. A recent Green Belt program at Rust-Oleum developed a solvent recovery system and is producing benefits in all these areas.

Green Belt projects have also been instrumental in our ability to increase effective capacity through more efficient processes. In one example, Stonhard implemented a Green Belt project that eliminated unnecessary steps in the manufacturing process to increase throughput and improve quality with limited capital investments. These are just a few examples of the ongoing work across RPM businesses with several trainings and new projects in the pipeline.

Now I'd like to turn the call over to Rusty to cover the outlook.

Russell Gordon - *RPM International Inc - Vice President and Chief Financial Officer*

Thank you, Matt. Our outlook for the third quarter, which, as a reminder, is our seasonally slowest quarter is on slide 13. We expect the mixed macro environment to continue and the weather-related tailwinds during September and October have now become headwinds, negatively impacting DIY demand and some construction activity. Additionally, at today's rates, FX will negatively impact sales and adjusted EBIT. On a consolidated basis, we expect sales growth in the third quarter to be flat compared to the prior year period.

By segment, we expect low single-digit growth in our construction products group as we continue momentum in selling waterproofing solutions, partially offset by unfavorable weather when compared to unseasonably mild conditions in the prior year. In performance coatings group, we expect sales to be flat to up slightly as underlying demand for high-performance buildings remain solid, but the segment faces challenging comparisons to the prior year period when organic sales increased 9.2% and/or boosted by the timing of project completions.

In residential end markets, which primarily impact our consumer and specialty products group, we saw stabilization in the second quarter. However, favorable weather trends in the second quarter have now reversed and mortgage rates remain elevated to laying further end market improvement. We expect sales in both these segments to decline in the low single-digit range. Consolidated third quarter adjusted EBIT is expected to be up or down low single digits compared to a record prior year period as MAP 2025 benefits, including structural SG&A reductions, are offset by the softness in residential end markets and moderate inflation in raw materials and labor.

On the topic of raw material inflation, there is uncertainty as to the outcome of what potential tariffs and a port strike could have. However, no matter what materializes, we are as well positioned to navigate any potential challenges as we've ever been because of our center-led procurement team. While we have modest imports from countries potentially subject to tariffs, our procurement team has developed contingency plans to mitigate potential risks from different scenarios.

Our fiscal 2025 full year guidance is on slide 14. Our sales outlook remains unchanged with expected growth in the low single digits. We are narrowing our adjusted EBIT range to 6% to 10% growth from the previous outlook of up mid-single digits to low double digits. We expect economic conditions to generally remain similar to the second quarter. And while there is clarity on the outcome of the US election, political uncertainty has increased in other large economies like Germany, France, Canada and Korea. The impact and trajectory of interest rate changes is also not clear. We expect pricing to be positive in response to continued inflation in raw materials and labor.

By segment, CPG is expected to outgrow its markets with continued strength in high-performance building and restoration projects. At PCG, we expect incremental demand improvements in the fourth quarter when comparisons become easier. At consumer and SPG, we expect that residential end market demand has potential for an improvement later in the fiscal year. An elevated interest rates for longer may push out the timing of this recovery. On a consolidated level, we expect adjusted EBIT growth to be led by MAP 2025 improvements and the realization of these benefits on the P&L will be driven by how quickly volumes recover.

This concludes our prepared comments. We will now be pleased to answer your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Mike Harrison, Seaport Research Partners.

Mike Harrison - *Seaport Global Holdings LLC - Analyst*

Congrats on a nice quarter here. I wanted to ask about the third quarter guidance I understand that this is a seasonally slower quarter, and it's a quarter where typically you can see a more pronounced impact of volume as it's being leveraged across your fixed cost, but I'm a little bit surprised to see that you're guiding to flat sales and flat EBIT. So I'm just kind of curious, why would you not expect to be able to show some EBIT growth despite flat sales because you have some MAT benefits? What are the negatives that are offsetting the MAT benefits, I guess, is my question.

Frank Sullivan - *RPM International Inc - Chairman and Chief Executive Officer*

Sure. So first of all, I think the outlook for Q3 is real simple. It is -- we had a number of years, particularly last year that was very mild and whether it's in our construction products group or early spring sales in our consumer group. We benefited by a very strong all-time record third quarter last year on top of a record third quarter of the year before. And all you need to do is look out the window almost anywhere in this country, and you're seeing snow and the return of a real winter. And we have been -- remain have always been seasonal. And so I think the simple story is the strong leverage to our bottom line and a return in the second quarter to volume growth, not just growth but unit volume growth in each one of our segments is being interrupted by a real winter.

We fully expect to see strong sales and earnings growth return in the spring. It's a combination of I think we've turned the corner in growth after a sluggish probably 12 or 15 months. Our MAP benefits are continuing to leverage revenue growth to our bottom line. And we've got a number of new product introductions, particularly in consumer that will be starting to ship in February and March. So we feel pretty good about where we are. We are a seasonal business and have been since our founding, and that seasonality is showing up this winter.

Mike Harrison - *Seaport Global Holdings LLC - Analyst*

All right. That's helpful. And then you mentioned in both the consumer business and specialty business that you're seeing some benefits from stabilization in residential markets. Can you maybe give us a little bit more color? I know you called out specifically the residential OEM piece of specialty and then maybe it's that some of your big box retailers have seen some stabilization in their inventory levels. But just talk about what's giving you confidence that you're seeing stabilization in those resi markets.

Frank Sullivan - *RPM International Inc - Chairman and Chief Executive Officer*

Sure. Some of it's in your comps. I think as those on the call know, we suffered through an extraordinary period of time, particularly in our consumer group with modestly negative consumer takeaway for many quarters. We were the beneficiary of the COVID bump, and then we bumped into supply chain challenges, rising interest rates, old story -- but we've never seen a 12- or 15-month flat to negative consumer takeaway in our consumer segment in our history, and that's what we're coming out of. So some of it's easier comps.

You're starting to see some softening in what were historically low housing turnover rates relative to rising interest rates. And so housing turnover, home sales in home construction are stabilizing and moving in the right direction, albeit in a choppy period -- but my experience is when times are good, and you start to see some choppy performance, it might be an indicator of a down swing. And when times have been tough, and you see some choppy performance on the upswing. It might be an indication of a turn. And I think that's where we are.

Quite honestly, the year-over-year weather impact is disappointing because we've really started focusing on a pivot to growth across RPM on top of real strong MAP initiatives going back to the initiation of those in 2018 and second quarter was very encouraging, and it's being interrupted. So I think the dynamics that we're looking at are starting to move in the right direction.

But as Rusty said, there's certainly a lot of uncertainty relative to the pace of interest rate reductions and/or what's coming geopolitically relative to threat and tariffs and other things. So we'll respond to those, I think, effectively. Put all that aside, it feels like we hit bottom in some of our more challenged specialty products group and consumer product lines that have had a difficult year, year-and-a-half, and should be moving in the right direction.

Operator

John Roberts, Mizuho.

John Roberts - *Mizuho Securities USA, LLC - Analyst*

In the consumer segment, are you seeing a significant bifurcation in your customers? I mean, you've got one that went bankrupt? Are you seeing like above average growth in the large home center area and these smaller customers are struggling and so the business is starting to bifurcate.

Frank Sullivan - *RPM International Inc - Chairman and Chief Executive Officer*

I think that's been true over the last year, 1.5 years, where you saw some challenges at some of the big boxes and strength in some of the dollar store and discount chain, large discount chain customers, where we saw better consumer takeaway as consumers shifted in that direction.

You also saw in response to that at some of our larger customers, inventory adjustments over the last couple of years. We think most of those are behind us. And I think you're going to start to see a return this spring to more traditional consumer takeaway across our entire supply chain or customer base. But your comments were certainly true over the last 12 or 15 months, and we can see it in our consumer takeaway numbers with stronger results in certain areas and weaker results than others.

John Roberts - *Mizuho Securities USA, LLC - Analyst*

And do you think your bad debt reserves sort of anticipate any additional smaller customers going down?

Frank Sullivan - *RPM International Inc - Chairman and Chief Executive Officer*

Yes. And we don't see any challenges on the horizon. This one hardware store co-op business was challenged. It's assets been picked up by a related entity and I think some of that business will return, but it was a little bit of a surprise to us and to others.

Operator

Josh Spector, UBS.

Josh Spector - *UBS Securities LLC - Analyst*

So I wanted to ask just on the November quarter, really strong performance on sales. I assume that 3% beat versus your expectations was primarily volumes, but correct me if I'm wrong. But on that basis, your EBIT beat by about 4%. I guess I would have thought that there would have been a lot more leverage to that volume because a lot of the MAP savings, we've talked about bigger leverage on bigger volumes. So why don't we see that come through in a much stronger way in the December -- or sorry, November quarter?

Frank Sullivan - *RPM International Inc - Chairman and Chief Executive Officer*

Sure. So first of all, it was all unit volume and each one of our segments was at 3% unit volume growth or better. And I think when you look across our segment performance, we did demonstrate some leverage to the bottom line with the exception of consumer. If you adjusted for the $4.4 million bankruptcy, you would have seen a much better performance there on the EBIT line. And -- so that's kind of where we are there and we would expect to see solid leverage, you'll see in our Q4 solid leverage if we have the right volume growth.

Josh Spector - *UBS Securities LLC - Analyst*

I guess related to that is -- so to your point, on the May quarter, I mean my math is the midpoint of your guidance will be about 15% EBIT growth. What volumes do you need to underwrite to achieve that?

Frank Sullivan - *RPM International Inc - Chairman and Chief Executive Officer*

I don't know off the top of my head. But certainly, 3% unit volume growth that we've experienced in Q2 will be in the range of what we need to drive a solid double-digit earnings growth in Q4. Assuming there's not any -- again, I think you have to adjust out the $4.4 million receivable write-off that we took in Q2 to get to a more reasonable leverage number.

Yes. One last comment on that. Q4 is a higher volume quarter as well. That's why you'll see better leverage. Our back to seasonality, our strongest quarter is Q4 and Q1, Q2 is sadly a lower revenue quarter and Q3 is our seasonal low period and always has been.

Operator

Vincent Andrews, Morgan Stanley.

Vincent Andrews - *Morgan Stanley Co. LLC - Analyst*

Just two quick ones to clarify some things. First, the $4.4 million, was that in the original guidance or the guidance for fiscal 2Q? Or did that I get that you had to leave it in for certain reasons, but was that anticipated in the numbers you gave us last quarter?

Frank Sullivan - *RPM International Inc - Chairman and Chief Executive Officer*

No, it was not. It was a late October event and not something we anticipated.

Vincent Andrews - *Morgan Stanley Co. LLC - Analyst*

Okay. And then you've left the sales guidance loan for the full year, but you've narrowed the full year EBIT range. I just want to understand, are you pointing us a little bit more towards the lower end of that sales guide and that's what's driving the narrowing of the EBIT range? Or is there one or two items that's causing that?

Frank Sullivan - *RPM International Inc - Chairman and Chief Executive Officer*

No, it's really the seasonality of Q3 and what it's doing to our expected results versus an all-time record in Q3 last year. And then I think the the variation there in Q4, which, again, we expect a strong fourth quarter, whether it's modestly strong or very strong depends on whether the seasonality and the impact of weather pushes sales that we otherwise would have had in Q3 to Q4 beyond what we expect. So I think there is some wide -- a little bit of a wide range in terms of what we expect on the bottom line will be double digit. That's at least our expectation today. Some of that's going to be whether we pick up otherwise what would have been Q3 results in Q4.

Operator

John McNulty, BMO Capital Markets.

John McNulty - *BMO Capital Markets (US) - Analyst*

So I guess the first one is, I know over the last couple of quarters, you had spoken to in terms of the onshoring there was a little bit of a pause that was taking place and like the performance in the construction segments, but you thought that would pretty soon come to an end. I guess, is that still the case? Are we pretty much through that that slow period?

And also, I guess with the election now having taken place and maybe they're a little bit more about US protectionism. Are you seeing any signs of an increase around onshoring yet? Or is it a little bit too early to see that?

Frank Sullivan - *RPM International Inc - Chairman and Chief Executive Officer*

I think it's too early. We're seeing a continuation in kind of small- to medium-sized projects in manufacturing, which is benefiting us. As we commented in the last quarter, some of the larger projects, in [mic larconix], things like that, that we're committed to and already have some US dollar support behind. I believe will play out over a longer period of time. And so for instance, there's a big Intel project here in our home state of Ohio, I don't see that being canceled or halted, but the expectations here now is just going to play out over a five- to seven-year period as opposed to a three- to five-year period. So it will even out some of this, but we don't expect any of it to go away.

John McNulty - *BMO Capital Markets (US) - Analyst*

Got it. Okay. No, that makes sense. And then on the MAP side, you indicated that you're seeing kind of the pipeline for MAP projects actually growing at this point. I guess, can you help to frame that in terms of size or potential uplift maybe to the past targets or anything like that.

Frank Sullivan - *RPM International Inc - Chairman and Chief Executive Officer*

Sure. Our original MAP program targeted $290 million of savings and efficiencies, and we shared that detail on how it would play out over a three-year MAP -- our 2020 MAP growth program. And when we concluded that program, we achieved actually about $325 million.

When we introduced MAP 2025, I believe the number over the entire period was $465 million. You will see that in our P&L in fiscal '26 as we are continuing to execute on initiatives. It's likely that the benefits of MAP '25 will reach $500 million. And so our people continue to perform pretty well. Matt Schlarb, highlighted, again, and we've done this in some calls, some of what those initiatives look like.

And I'll just reiterate, RPM had a very entrepreneurial culture and a lot of independents, particularly in the manufacturing and operations side. Our ability to bring a center-led approach and to beginning to introduce lean manufacturing disciplines that are not new to manufacturing, but have been relatively new to RPM over the last four or five years is having a really good impact. And so we expect to see that continue as we introduce these into European and international markets, the impact of which was delayed by COVID as our initial focus is we're in North America.

So I think the biggest change in our MAP initiatives, while we've executed on a bunch of cost savings and efficiency programs, and we can identify the number of plants that we've closed, we can identify the number of ERP systems that we've consolidated. Probably the biggest harder-to-value measure is how it's changed our culture. There is a level of collaboration across our operations and our businesses today that quite candidly didn't exist seven years ago, and we're reaping the benefits of that, and there's more to come.

Operator

Frank Mitsch, Fermium Research.

Frank Mitsch - *Fermium Research LLC - Analyst*

I'd like to talk about the interplay between price and raws. Last quarter indicated that deflation was about 2% in the fiscal first quarter. Just curious what the second quarter is and what your outlook is there. And it sounded like price was pretty close to flat in the fiscal second quarter. Just curious if you could provide any more color there.

Frank Sullivan - *RPM International Inc - Chairman and Chief Executive Officer*

Absolutely. It's a great question. And your assumption is correct. We're about flat in a kind of an odd period of some raw materials that are -- have declined a little bit and some raw materials that are increasing. As we sit here today, it feels like as we get into calendar '25, we're seeing what across the board will be somewhere in the 1.5% to 2% inflation across our core raw materials. We have some modest price increases in one of our business units, especially products and one of our business categories in our construction products group announced both for end of January and in March, but we are on high alert in terms of where inflation might go relative to threat tariffs and/or other factors I think we -- and a lot of people have learned over the last couple of years, both what are the tools to use to raise prices where appropriate and how to instill courage in your sales force to go get it. And so we're certainly on alert for that.

And I guess the last comment I would make is that we are not very exposed to the Asian markets. We don't do much business in China. The Asia Pacific region is our smallest, and we also don't have a lot of exposure to import raw materials. Some of those will impact our food group to get some ingredients from China. Our [life in] brands business to get some components from China. Broadly speaking, certain chemical raw materials, but I think our exposure is less than many of our peers.

Frank Mitsch - *Fermium Research LLC - Analyst*

Terrific. Very helpful. And then you indicated that the balance sheet is about the best that it's been in a long time, and you obviously made an acquisition in the quarter, TMP Convert. You did some buybacks. Now with the stock down since Thanksgiving relatively significantly or materially, I'm just curious about the interplay between M&A versus buybacks.

Frank Sullivan - *RPM International Inc - Chairman and Chief Executive Officer*

Sure. So first of all, our balance sheet is in the best condition it's been since I joined RPM 35 years ago. Our cash flow is at record levels. As you saw in the quarter, we're continuing through the MAP initiatives to improve working capital efficiency. We're continuing to improve our cash conversion cycle. We continue to be focused on that. We will moderate the opportunities between buybacks and acquisition opportunities, but I do not want to be the CEO that falls in love with his best-ever balance sheet and becomes afraid to use it. So when opportunities arrive at the right value that are good strategic fits, we've built balance sheet strength so we can put it to use smartly and strategically.

Operator

David Huang, Deutsche Bank.

David Huang - *Deutsche Bank - Analyst*

Just on CPG, what percentage of volumes were negatively impacted by the hurricanes in Q2? Was that 1% to 2% and I guess the majority of those delayed volumes probably won't be impacted much by the winter weather. Do you expect those to come back in Q3, post insurance claim payouts or will Q4 see the actual pent-up volume improvement from all of the weather events in Q2 and Q3?

Mike Harrison - *Seaport Global Holdings LLC - Analyst*

Sure. I don't have an exact answer to that. I can tell you that our construction products group and our performance coatings group had some disruptions at the beginning of the quarter because of the hurricanes and how that plays out in Q3 or Q4 is difficult to know.

Some of it, again, will be weather-related. If we continue with the severe cold weather and winter weather and snow across wide parts of the United States for another month or two, that would result in deferring -- for instance, products sold through distribution and our construction products group being deferred to later in the year, meaning February or March as opposed to now. That's reflected in our outlook. So it could have been a stronger quarter except for the early impact of the hurricanes and the write-off in our consumer group, but it is what it is.

David Huang - *Deutsche Bank - Analyst*

Okay. Got it. And then I guess you touched on this for consumer. But on the various construction end markets you're exposed to you, what are you seeing where are you seeing any incremental signs of either improvement or deterioration? Or has your outlook potential recovery change here?

Frank Sullivan - *RPM International Inc - Chairman and Chief Executive Officer*

Sure. So -- as I commented earlier, after 12 or 15 months of negative consumer takeaway, we kind of are seeing signs of that stabilizing. And so that's one piece of it. We are seeing some choppy signs that the housing market in terms of home turnovers and new home constructions are starting to improve.

And we've got a number of new product introductions coming out in our consumer business in a couple of categories, some in coatings, some in cleaning products that we're excited about. And so it feels like both the dynamics and rounding some easier comps because of the challenges that we've talked about, give us hope that we're going to start to see better week-by-week and month-by-month consumer takeaway.

Operator

Kevin McCarthy, Vertical Research Partners.

Kevin McCarthy - *Vertical Research Partners LLC - Analyst*

I want to follow up on two aspects of the prior discussion on the MAP program. First, has to do with timing. I think that previously, there was going to be some spillover of your savings into fiscal 2026. And now you've upsized the target to $500 million. So I was wondering if you could comment on what amount of savings you would expect to fall into this year versus next year?

And then secondly, on MAP, I think a couple of quarters ago, Frank, you hinted that you're working on potential for a new program. And -- just wanted to follow up on that. How would you characterize the likelihood and timing of any new programs?

Frank Sullivan - *RPM International Inc - Chairman and Chief Executive Officer*

Sure. I don't have any specifics. Maybe one of my colleagues does on how we think about MAP this year into next year other than our MAP '25 program, and we communicated this in both the original 2020 MAP growth in this one that we would achieve our results on an annualized run rate by May 31, 2025, meaning that the full impact would be realized in fiscal '26. And so you're not going to see the full impact of that $500 million until we get into fiscal '26.

We have been running at about $30 million of MAP benefits per quarter, keeping in mind, and this goes back to an earlier question, a lot of the MAP 2025 benefits have been at the conversion cost, manufacturing level. So it's truly volume-driven. So with lower volume, you're going to get lower benefits with higher volume, you'll get higher benefits as opposed to an SG&A cut that kind of is even across your monthly periods.

We will be working on what follows MAP 2025 in our spring strategic planning process. And it's my anticipation like we did in November of '18 and like we did in November of '22 that sometime this fall, we would have a communication on what follows MAP 2025. And I don't know that I would provide much more details on that in part because we're working on it and in part because it's not finalized. It'd be interesting to see what we call it. And -- but in any event, there is more work to do, and we would anticipate providing some details around the new strategic planning and growth program this fall.

I will tell you that the challenge for us in relationship to that great question about what's next is the need to embed and we're doing it, the MAP map learnings into our culture and then pivot the organization to growth. And the second quarter performance was felt good in terms of that movement that we need to make. And it's disappointing to see it being interrupted by a real winter, but we anticipate seeing that focus come back in Q4, and we'll provide more details in the fall.

Kevin McCarthy - *Vertical Research Partners LLC - Analyst*

Okay. Sounds good. As a second question, if I may. Can you comment on your sales volume experience in the month of December. And I'm thinking about two things there, Frank. First, clearly, weather is an important variable as you've talked about. Is that whether something that you've already experienced over the last several weeks or something that you anticipate for January and February? And then the second thing would be just kind of destocking around the calendar year-end and how that impacted volumes, if at all, relative to a normal year?

Frank Sullivan - *RPM International Inc - Chairman and Chief Executive Officer*

Sure. I don't know that we would want to get into month-by-month performance criteria. But I can tell you, our outlook is shaped by the early part of Q3 and certainly our February results. Again, if you follow the hyperbole of the media, it's snowmageddon, it's this horrible snow event in the Southeast. It's Alberta clipper coming across the United States. It's just a real winter. And there's been snow on the ground. There's been cold weather in the Southeast, I could go on and on. It's just a real winter. And in comparison to two record third quarters after each other, we are experiencing the seasonality that's been normal throughout RPM's history, started at the end of November. It's continuing in December.

And as I look out the window, it doesn't feel like we're going to see the green grass until sometime in February or March. And and that is reflected in our outlook. I can tell you, and this is just a wish and not something we would plan, I'd like to see us work like hell to have a positive EBIT number in Q3. Not sure that's in the cards based on how long this weather hands around. But if we did, it would be our 13th consecutive quarter of record earnings results. And it will be disappointing if that ends, but we'll pick up where we are, and you'll see solid results in Q4.

Operator

Jeff Zekauskas, JPMorgan.

Jeff Zekauskas - *J.P. Morgan Securities LLC - Analyst*

The gross profit margin was lower year-over-year despite the 3% sales growth. Why was that?

Frank Sullivan - *RPM International Inc - Chairman and Chief Executive Officer*

Principally around mix. In our construction products group, we have a significant and growing services business, it's our WTI weather-proofing technology. It's got a solid EBIT margin, but a significantly lower gross profit margin than our pure material sales. And so it was mixed in a number of places. It was mix in consumer and a few of our other businesses, but the biggest mix impact was in our construction products group. And that's what drove the essentially flat year-over-year gross profit. We are attuned, as I commented earlier, to what we anticipate is coming and are already taking a look where we can and price increases to overcome that to get back to a positive gross margin performance that we've been demonstrating for the last couple of years.

Jeff Zekauskas - *J.P. Morgan Securities LLC - Analyst*

In thinking about the MAP program longer term, is the point of the program to grow SG&A. I don't know, 1% or 1.5% or some number that's below your normalized volume growth rate? Or is the point of the program something else?

Frank Sullivan - *RPM International Inc - Chairman and Chief Executive Officer*

So put aside the MAP initiatives, which are really focused on cash conversion cycle efficiency, operating improvements and you can see that in our results. We are becoming more strategic about our SG&A spend, notwithstanding some past criticism a year or so ago when you could see our SG&A growing at a rate faster than sales. It was very targeted at some growth initiatives.

After a year or so of that, we were able to pivot to focus our organization and kind of solidifying where we're having success with those initiatives and where we weren't -- where we weren't cutting back. So I think we'll be better communicators about where we're investing for growth.

There's some new product categories, for instance, in some cleaning products this spring in our consumer business. I would anticipate a higher SG&A spend as we introduce some of these new programs, we can provide details when they're in the market.

We are having higher spends associated with capital investments that are hitting our P&L. For instance, Corsicana was an acquisition of resin and production that we acquired as part of our construction products group. We're finally seeing a positive earnings out of that business, but it was vital in terms of what it provided for us during a challenging time. We are investing heavily in a resin center of excellence as part of our DayGlo Color group in Europe.

And so there's some areas where we're being very strategic that will impact our SG&A. When the results of those strategic investments in our P&L prove true, everybody will be happy. And when the result of those investments in our P&L aren't playing out, we'll cut them.

Operator

Mike Sison, Wells Fargo.

Mike Sison - *Wells Fargo Securities, LLC - Analyst*

Nice quarter. Just back to the volume growth in 2Q, pretty impressive 3% on what doesn't seem to be a very good economic environment. So in the fourth quarter, if the environment doesn't improve, is that how do you get to 3%? It sounds like your execution and is doing really well amongst the segments. Maybe just a little bit of color of -- if we stay in this little sluggish environment, how you get to growth in the fourth quarter.

Frank Sullivan - *RPM International Inc - Chairman and Chief Executive Officer*

Sure. It starts with an easier comp. Last year was a challenging Q4 for us. And we had record earnings results driven by MAP. So real solid performance, but sales were relatively flat. And we do see some of the dynamics that we've talked about on the call today, improving. And so I think we're highly confident in forward momentum in Q4.

Rusty commented on the uncertainty around some geopolitical things and where all that goes. So who knows what the impacts of those things are, but I think we're pretty confident forward momentum in Q4 relative to easier comps relative to the new product introductions that we intend to launch. And relative to some of the outperformance that we're seeing in our construction products group versus what some of their peers are putting up. So those dynamics are not changing.

Mike Sison - *Wells Fargo Securities, LLC - Analyst*

Got it. And then as a follow-up, if you think about longer term, maybe '26 to some degree, and the economic environment actually improves, which would be nice. What type of volume growth should that -- should RPM sort of elevate to. And if you think about the cost savings and MAP that you should get in '26, I mean, could '26 be one of these banner years and maybe you can keep pace of the Cavs next year as well.

Frank Sullivan - *RPM International Inc - Chairman and Chief Executive Officer*

Well, first of all, I'd love to be a fraction of what the Cleveland Cavaliers are doing. They have the best record in the NBA, and they're not getting a lot of recognition for it. That's fine with me. They can just quietly sneak up on everybody. So go Cavs.

I get a little philosophical here, and this is geopolitical, but it's hard to know what's coming with all the geopolitical changes out there. And so there's two big crazy scenarios. One is a smooth highly geopolitical mess that leads to a meaningful economic downturn. The other is a peace dividend.

And so with these new administrations in Europe and US, if somehow there's a resolution to the Russia war in Ukraine, if the growing stability in the Middle East continues, our performance in Europe because of the MAP program is really strong in the bottom line, but economically, the European marketplace, which is both our second largest region and a region with lots of opportunity, return to growth in the UK and Europe would be very positive. And as stability in foreign currencies in Latin America would be very positive because our underlying performance there has been pretty solid.

And lastly, I'd comment on the platform approach we're taking to the developing world. It's really an RPM platform approach being driven by a leadership team out of South Africa, is part of the strength that we're showing in our Middle East results. We're investing in new production in India, and we expect the sand there. So we've got a lot of irons in the fire in terms of being prepared for positive turn to markets. Time will tell.

Operator

Alexsey Yefremov, KeyBanc.

Aleksey Yefremov - *KeyBanc Capital Markets Inc. - Analyst*

Just wanted to follow up on the pricing. You mentioned some targeted price increases in the second half of the year, but are you expecting overall to cover the raw materials and labor inflation that you're talking about, so that price cost in the second half of fiscal '25 is it neutral or negative or positive?

Frank Sullivan - *RPM International Inc - Chairman and Chief Executive Officer*

We would expect to cover the raw material inflation, if any, and what is moderating but still increasing labor costs and as I said earlier, we're kind of anticipating a 1.5% to 2% inflation in the second half. If it's less than that, that will be good. If it's more than that, we will respond accordingly, and some of it is really a function of even the anticipation of seeing that.

I think people are anticipating, from a supply chain perspective and otherwise, what's going to happen in raw materials, what are they going to do with pricing and what's going to happen with supply relative to threatened tariffs. And so how much of that gets realized is something that everybody in our supply chain is heightened to and I think positioned to move on as necessary.

Aleksey Yefremov - *KeyBanc Capital Markets Inc. - Analyst*

And Frank, you mentioned growth in your services business, affecting the mix, they're still contributing. Is it -- does it just happen to be a quarter where services grew faster? Or is it something structural? And also, is this growth in services driving sales of materials and coatings as well?

Frank Sullivan - *RPM International Inc - Chairman and Chief Executive Officer*

So it's just the impact in the quarter. In our Tremco Construction Products Group, our largest units, our business, our roofing division, it's about I would say, 60% material sales and 40%, today, WTI, which is up meaningfully from where it was four or five years ago.

And ultimately, yes, the services business drives material sales. In some cases, immediately where our WTI business is acting as a general contractor and having subs do the work, which drives material sales. In other cases, it's the maintenance work that we're doing for large accounts. It keeps us on the roof and keeps us connected with those businesses such that when there's meaningful opportunities for material sales three or five years down the road, we're their partner for those restoration projects. And I would expect to see that grow over time with an interesting mix margin impact.

Pure Air, which is an HVAC restoration business that we acquired a few years ago was starting to grow. That's part of that. There's some other service areas that we're getting into. And so on the bottom line, we like it, and there's not a whole lot of difference in terms of EBIT margin impact. And in fact, over time, maybe we can improve that. But there is a significant difference in the gross margin.

Operator

Ghansham Panjabi, Baird.

Ghansham Panjabi - *Robert W. Baird & Co., Inc. - Analyst*

So Frank, just sort of summarizing some of the questions. Just so I understand, obviously, there's many different micro trends across your operating segments. But as it stands today, do you think the volume outlook across your businesses on a consolidated basis is better from a trend line standpoint going forward, it seems like CPG and PCG are delivering solid growth, and it looks like residential has plateaued as well. And of course, I'm adjusting for 2Q and 3Q, which obviously there's some weather nuances in there.

Frank Sullivan - *RPM International Inc - Chairman and Chief Executive Officer*

So I think the answer to that is yes. We saw a number of things, not only MAP-related, but this pivot to growth related show up in Q2. It's disappointing given the seasonality of the winter we're suffering that that's not going to be realized in the subsequent months. And as I commented earlier, right off the back in December, which is reflected in our outlook, we were seeing the impact of weather seasonality that's traditional in our business and hasn't really been a factor for the last couple of winters. But the underlying trend line in growth is positive.

And organizationally, we are at the beginning of what we think of as embedding the map learnings into our culture and pivoting the organization to growth. The details of that are still in process. And so we will be in a position to provide in more detail what that looks like and what our expectations are on that over a multiyear period sometime this fall.

Ghansham Panjabi - *Robert W. Baird & Co., Inc. - Analyst*

Okay. And then just second question on CPG specifically, on slide 14, where you have all the outlook drivers for fiscal year '25. You call out office construction, obviously, is one of the negatives. Is that sort of equally offset by some of the other positives in there, high-performance buildings and infrastructure, et cetera. Or is it a more substantial slowdown that you're expecting going forward for office construction?

Frank Sullivan - *RPM International Inc - Chairman and Chief Executive Officer*

No, it's an interesting mix, and I will tell you, particularly for our construction products group for our Stonhard business for our Euclid Chemical business have been incredibly impressed, and this isn't patting ourselves in the back necessarily, but our sales forces have become more agile and they have been able to move to where the money is. And so whether it was having a disproportionate share of flooring, fibers, floor toppings as the Amazons, we're building out their distribution centers. Or today, we're getting, I think, at least our fair share, if not more, in this data center build-out, both here and in Europe.

There's opportunities in other parts of the world like India, where we are working hard to catch up because we have real strength here. And so it's really been a combination of more agile sales forces. And hats off to our businesses and our salespeople that have been doing that.

And it's overcome some of the core business that mostly was sold through distribution. And so broadly in expanding office building, expanding fast food chains, expanding hospitality, those products would have been served in the past, for instance, for Tremco Sealant through our distribution, that, quite candidly, has been relatively weak in the last couple of years and a return to growth in those areas would be, I think, a benefit. What we've learned to be is more direct on major projects and categories that are growing.

Operator

(Operator Instructions) Arun Viswanathan, RBC Capital Markets.

Arun Viswanathan - *RBC Capital Markets Wealth Management - Analyst*

So yes, just I want to clarify some of your comments, I guess, you noted that you have seen some stabilization in some of the consumer DIY takeaway categories. Where is that occurring?

And also, you noted some share gains. So I guess maybe if you could just help us understand where those are occurring. And if they are occurring in areas that you would attribute to housing market recovery? Or is it more just other specific items?

Frank Sullivan - *RPM International Inc - Chairman and Chief Executive Officer*

Sure. I can give you a few examples in the DIY. Some of its new product related. Our DAP business has introduced a new Wall & Cavity Foam product. They have expanded distribution of a wall Texas spray category that they weren't in, in a big way in the past. So we're getting sell-in into some of these new product categories.

In our Rust-Oleum business, we picked up some share in the automotive channels to automotive retailers, the 5-in-1 spray that got off, I guess, to a slower start than we hoped. And part of it is you can introduce new products, but if you're introducing them into a negative consumer takeaway market, you're not going to have the excitement that you want. We're starting to see some expanded distribution and takeaway in the 5-in-1 patented spray application for some of our Rust-Oleum spray paint products.

And then also in Europe, part of our consumer segment. One of the few places in otherwise a very punky economic environment where we're seeing positive unit volume growth is in our consumer businesses in Europe, and it's being driven by two things: one, a really strong focus on our Zinsser primers into the European marketplace. Specialty primers aren't as or haven't been as ubiquitous in Europe and the UK as they are in US. And so that's going really well.

And we have what I think of as paint unlimited, but it's a direct-to-consumer e-commerce model of specialty paints. And it was launched in the UK. It's being expanded into parts of Europe, and that is growing double digits, and it's very exciting. And so those are the areas of positive results in our consumer business, notwithstanding the underlying challenging dynamics.

Arun Viswanathan - *RBC Capital Markets Wealth Management - Analyst*

Okay. Great. So it sounds like, as you said, the underlying dynamics are still challenging, but there's maybe some pockets of encouragement. And then just -- maybe I'll ask -- reask a question on M&A. There are some properties coming to market in the next, say, six months or so, it sounds like, as you noted, you wouldn't want to sit idle with cash. What kind of targets would you be looking after -- would you be interested in going further into Latin America, Asia and Europe? Or would you be more focused on North America. Maybe you can just provide us some regional and category kind of areas of interest.

Frank Sullivan - *RPM International Inc - Chairman and Chief Executive Officer*

Sure. So I think our M&A activity would be focused on the areas that you talk about. North America, firstly, Europe and Latin America, not likely to see it in the developing world in the near term. We have been pretty good at identifying small product lines that are highly strategic. And so if you could buy nice product lines, they might be $5 million or $10 million. But if they fit a need in our product category and we can double or triple the revenues. The IRRs are home runs.

And so it's part of really thinking about an earlier question, how do we drive 3% or 4% organic growth and some of it is being very strategic about small- to medium-sized product lines that we can integrate and expand across our distribution or sales forces such that in year 2 and 3, it's adding to that organic growth number. So that's the first way that we think about it.

Secondly, there will be some larger perhaps coatings and/or specialty chemical. Our construction products business is coming to market out of private equity portfolios or otherwise. And I think we have a balance sheet that can accommodate that.

We've missed some of the acquisition growth over the last five or seven years because we've always had pretty strong discipline about M&A value. Our goal in M&A is not to get bigger, it's to get better and more profitable. And so we got a balance sheet that's in good shape, and we will continue to look at opportunities as they come or as we can find them and execute on.

Operator

Steve Byrne, Bank of America.

Steve Byrne - *BofA Global Research - Analyst*

One of the restructuring items as focused on accounting locations. Can you comment on how many accounting locations do you currently have? And what was it a few years ago?

Michael Laroche - *RPM International Inc - Vice President, Controller and Chief Accounting Officer*

Yes. So I think when we started, MAP in 2020, we were around 100 accounting locations. We have significantly reduced that now. We're down to probably something in the 40 or 50-ish range. We've done a lot of work, leveraging the work we've done in consolidating ERPs and consolidating accounting locations as well as building out our accounting locations in our shared service centers in India and Mexico as well.

Frank Sullivan - *RPM International Inc - Chairman and Chief Executive Officer*

Just to add to that, from an ERP perspective, when we started the MAP initiative, we had essentially 75 versions or instances of ERP, some common like SAP, but different instances. And we have shrunk that down across RPM to somewhere in the mid-teens. 14 is the number that sticks in my head, but given some of our far-flung operations, it could be a few more than that. But that's a dramatic improvement from what was 75 identified different instances of ERP or IT systems. Ultimately, our goal is -- just to finish that, ultimately, our goal is to get those down to somewhere in the mid-single digits at least.

Steve Byrne - *BofA Global Research - Analyst*

Okay. And what about total headcount, Frank, where would RPM be at right now? And what would you target in a few years net of M&A activity?

Frank Sullivan - *RPM International Inc - Chairman and Chief Executive Officer*

Right now, it's about 17,000 a little bit more. I think that number has been stable for the last couple of years. And we've had a disproportionate growth in some of our shared service centers, which five or six years ago, where a few dozen and today are up to about 400. Those folks have more than paid for themselves.

And the one area that we continue to look to expand and it's been challenging, but I think we're net-net winning is salesforce. It's been since COVID and through COVID and ups and downs. If there are good paints and coatings for construction product salespeople, we are open for business and looking to expand sales forces in our performance coatings business units, construction products business in particular.

Steve Byrne - *BofA Global Research - Analyst*

And just one quick one for you there, Frank, and that is, do you see any potential in moving any of the performance coatings products into a direct sales model similar to what you have in CPG.

Frank Sullivan - *RPM International Inc - Chairman and Chief Executive Officer*

Sure. Great question. As part of our MAP initiatives going back to 2018, we look at our organization, look at our business units and our groups and think about what's the best way for us to be organized going forward. I can tell you that as it relates to the original MAP programs, some of that reorganization was done with a mind to what's going to make us more efficient. On a go-forward basis, if we make any changes, it's going to be entirely driven by what will allow us to accelerate growth

---

Operator

We conclude our question-and-answer session. I would like to turn the conference back over to Mr. Frank Sullivan for any closing remarks.

Frank Sullivan - *RPM International Inc - Chairman and Chief Executive Officer*

Thank you very much, Nick. So I want to conclude by recognizing someone who participated in all of our conference calls for more than 15 years and was part of RPM's growth for more than 30, which is Ed Moore, who retired as our Senior Vice President and General Counsel on December 31. He was the conscience of RPM and a significant part of our growth and success. And we wish Ed and his wife, Tim and their family, great joy and new adventures.

And we are joined today by RPM's new General Counsel, Tracy Crandall, who's going to bring the same wisdom and kind of stable, even keel approach to keeping RPM on the right path. So welcome, Tracy.

Thank you, everybody, for your participation in our call today and your interest in RPM. Best wishes to all for a happy, healthy and successful new year, and we look forward to talking to you throughout the next couple of days. And then again in April, when we conclude our third quarter, and we'll be able to talk about a return to growth in Q4 and beyond. Have a great day.

Operator

Conference has now concluded. Thank you for attending today's presentation. You may now disconnect.

DISCLAIMER