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RPM.N - Q2 2022 RPM International Inc Earnings Call

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OVERVIEW:

Co. reported 2Q22 consolidated sales of $1.64b and adjusted diluted EPS of $0.79. Expects to generate double-digit consolidated sales growth in 3Q22.

CORPORATE PARTICIPANTS

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

Michael J. Laroche *RPM International Inc. - VP, Controller & CAO*

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 Hocevar *Northcoast Research Partners, LLC - Director & Equity Research Analyst*

Kevin McCarthy *Vertical Research Partners, LLC - Partner*

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

Michael Sison *Wells Fargo Securities, LLC, Research Division - MD & Senior Equity Analyst*

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

Steve Byrne *BofA Securities, Research Division - Director of Equity Research*

Vincent Andrews *Morgan Stanley, Research Division - MD*

PRESENTATION

Operator

Welcome to RPM International's conference call for the fiscal 2022 second quarter. 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 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 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, Dee. Good morning and Happy New Year. Welcome to the RPM International Inc. Investor Call for our fiscal 2022 second quarter. Joining me on the call today is Rusty Gordon, our vice president and chief financial officer; and Mike Laroche, vice president, controller and chief accounting officer.

I'll begin by sharing broad commentary on our consolidated performance for the quarter. Mike will provide details on our segment results, and Rusty will conclude our formal comments with our outlook for the fiscal 2022 third quarter.

Our comments will be on an as-adjusted basis and all comparisons are to the second quarter of fiscal 2021, unless otherwise indicated. Please note that we provided a supplemental slide presentation to support our comments on this call. These can be accessed in the Presentations & Webcasts section of the RPM website at www.rpminc.com. After our formal remarks, we'll be pleased to take your questions.

I'll start with comments related to the third slide in the presentation material. For the fiscal 2022 second quarter, consolidated sales increased 10.3% to $1.64 billion, driven by continued robust demand for paints, coatings, sealants and other building materials. This top-line performance was slightly ahead of the outlook we provided last quarter. Our second-quarter sales growth could have been even stronger if not for continuing supply chain challenges that limited access to certain raw materials and cost us roughly $200 million of loss through deferred sales in the quarter.

Organic sales growth was 8.6%, foreign currency translation provided a tailwind of 0.4%, and acquisitions contributed 1.3%. Adjusted EPS was $0.79, decreasing 26% compared to the strong adjusted diluted EPS growth of nearly 40% in the prior-year period.

Consolidated adjusted EBIT for the quarter was $157.3 million, a decrease of 21%, which was in line with our outlook and was a result of continued material, wage and freight inflation, as well as supply chain disruptions that were exacerbated by Hurricane Ida at the beginning of the second quarter and increased our conversion costs.

Because of this supply disruption, we lost the equivalent of nearly 300 production days across RPM facilities globally during the second quarter, which was similar to our lost production days in the first quarter. We partially offset these challenges with price increases, which averaged in the high-single digits across RPM, and continued operational improvements from our MAP to Growth program, which provided $19 million in incremental cost savings.

It's also worth noting that we faced a difficult comparison to the prior year when consolidated adjusted EBIT increased nearly 30% largely due to higher sales volumes driven by extraordinary demand for our home improvement products in our Consumer Group during the pandemic. To recover lost margin from inflation, we are implementing an additional round of price increases this quarter across our business segments, as appropriate. In many instances, this will be the third round of price increases in a 12-month period.

The next slide provides high-level results by segment. Much like last quarter, our performance reflects the benefits of our balanced business portfolio, where softness in one segment is generally offset by strength in others. During the second quarter of fiscal 2022, three of our four operating segments - Construction Products Group, Performance Coatings Group and Specialty Products Group - generated strong, double-digit sales growth. Combined sales in these three segments increased more than 18% with roughly 10% being unit volume growth year-over-year.

While our Construction Products and Performance Coatings Group generated strong adjusted EBIT growth, the Specialty Products and Consumer Group faced extreme supply chain constraints that put pressure on their earnings. In particular, the Specialty Products Group restoration equipment business was affected by worldwide semiconductor chip shortages that delayed sales to a growing backlog and unfavorably drove product mix.

The Consumer Group continued to experience inflationary pressures, as well as shortages of key raw materials, driven largely by last year's production outage at a key resin supplier that negatively impacted conversion costs. In addition, the Consumer Group faced a difficult comparison to the prior-year period when sales increased more than 21% and adjusted EBIT was up 66%. These growth rates in the prior-year period were largely due to the extraordinary DIY demand during the pandemic. All indicators suggest that the underlying demand for our consumer products remains strong, and that is continuing to grow in our third quarter.

Before we move to the details on our segment results, I'd like to touch on two larger trends that RPM is well positioned to capitalize on. First, as you know, the U.S. government has passed a number of bills over the last two years that will direct billions and potentially trillions of dollars towards construction and infrastructure end markets. Based on our strong position with these markets with well-recognized, highly regarded brands - such as Tremco roofing systems and commercial sealants, Carboline corrosion control coatings, Euclid concrete admixtures, and Nudura insulated concrete forms, all of which have been gaining market share in this fiscal year - we are well positioned for continuing meaningful growth in North America and globally.

Two years ago, we introduced the tag line "Building a Better World" in a number of our communications. It certainly represents our products and services, which literally contribute to making structures better through beautification, protection, restoration and sustainability. But it's also meant to be aspirational as we strive to make the world a better place for those we serve, including our customers, entrepreneurs, associates, shareholders and the communities in which we operate.

As we all continue to manage through the global pandemic, we remain focused on coming together to make the world a better place for everyone. There are many examples where RPM is doing so. Some of the ways RPM is Building a Better World include the development of sustainable products, such as our AlphaGuard liquid applied roofing products, which are gaining market share and allow roofs to be restored and eliminate the need for tear off, replacement and significant contributions to waste sites. In addition, our Tremco Roofing business has been named a BioPreferred Program Pioneer by the USDA because of our early adoption of sustainable product solutions within our roofing division and the industry.

Talent development, which includes the RISE education and training initiative that is part of our WTI business and was developed in response to the shortage of qualified roofers, includes an element called ELEVATE. This involves the training of incarcerated individuals in roofing so that they have skills and job opportunities upon their release, at which time they are guaranteed a job at our Tremco Roofing business; and sustainability practices across our operations, such as initiatives to reduce water usage that are saving millions of gallons a year at our Day-Glo, Rust-Oleum and other businesses. You can learn more about how RPM is Building a Better World on our website and in our ESG report at www.rpminc.com/ESG. We have a great story to tell, and we will be organized to tell it better in the coming quarters and years.

We remain focused on long-term growth and, despite Covid-related challenges, especially in supply chains, continue to invest in initiatives that will drive our business forward in the coming years. This includes operational improvements, the development of innovative new products, acquisitions, and manufacturing capacity expansions. A case in point is the 178,000-square-foot plant we purchased in September, which is located on 120 acres in Texas. This will serve as a manufacturing center of excellence for multiple RPM businesses. In just two months, it is already improving the resiliency of our supply chain and fill rates.

During the second quarter, we began production of alkyd resins, which are important raw material for a number of our products, particularly in our Consumer Group. In the coming quarters, the plant expansion expands the production of a number of our high-growth product lines.

I'll now turn the call over to Mike to discuss our segment financial results in more detail.

Michael J. Laroche - *RPM International Inc. - VP, Controller & CAO*

Thanks, Frank, and good morning, everyone.

Turning to the next slide, our Construction Products Group generated all-time record sales of $614.2 million. Sales grew 22% for the quarter, the highest rate among our four segments - 19.9% was organic, foreign currency translation provided a 0.3% tailwind and acquisitions contributed 1.8%. CPG's market-leading top-line growth and positive mix were primarily driven by innovation in its high-performance building solutions, market share gains and strong demand in North America for its construction and maintenance products.

The businesses that generated the highest growth included those providing insulated concrete forms, roofing systems, concrete admixture and repair products, and commercial sealants. Sales of our Nudura ICFs have been particularly robust because they offer an alternative to lumber, which is in short supply and experiencing skyrocketing costs, and because Nudura's ICFs provide structural, installation and labor benefits.

Performance in international markets was mixed, with Europe fairly flat, while emerging markets showed signs of recovery. The segment's adjusted EBIT increased 16.5% to a record level due to volume growth, operational improvements, and selling price increases, which helped to offset material inflation.

Moving to the next slide, positive trends from the first quarter carried over into the second for our Performance Coatings Group. Sales grew 16.9% to a record level, reflecting organic growth of 12.2%, a foreign currency translation tailwind of 0.8%, and a 3.9% contribution from acquisitions. Nearly all of PCG's major business units contributed to the positive growth, largely due to the catch-up of maintenance projects previously deferred by industrial customers, particularly as Covid restrictions relaxed and contractor access to construction sites improved.

Sales growth was facilitated by price increases and improved product mix, driven by new decision support tools that helped improve sales-force efficiencies and product mix. Leading the way were the segment's largest businesses providing polymer flooring systems and corrosion control coatings, serving growing end-markets, including electric vehicles, semiconductors, and pharmaceuticals. Sales also remained strong at its recently acquired Bison raised flooring business and in emerging markets. Adjusted EBIT increased 41.3% to a record level as a result of pricing, volume growth, operational improvements and product mix.

Advancing to the next slide, our Specialty Products Group reported a sales increase of 10% to a record level as its businesses capitalized on the strong demand in the outdoor recreation, furniture and OEM markets they serve. The segment's fluorescent pigments business also generated good top-line growth. Organic sales increased 9%, recent acquisitions added 0.4% and foreign currency translation increased sales by 0.6%.

Adjusted EBIT decreased 29.4% due to higher raw material and conversion costs from supply disruptions, as well as unfavorable product mix - particularly in our disaster restoration equipment business, which has been hindered by the semiconductor chip shortage as Frank had mentioned. In addition, the segment experienced higher expenses resulting from investments in future growth initiatives, plus higher legal expenses. These factors were partially offset by operational improvements.

On the next slide, you'll see that the severe raw material shortages that the Consumer Group experienced during the fiscal 2022 first quarter persisted during the second quarter. The resulting production outages negatively impacted segment sales by approximately $100 million. Segment sales decreased 3.3% - with organic sales down 3.5% and foreign currency translation up 0.2%. Despite raw material shortages, the segment's fiscal 2022 second-quarter sales were still 17.4% above the pre-pandemic levels of the second quarter of fiscal 2020. Demand for its products remained high and inventories in many of its channels are low. We expect to recover these sales when raw material and supply conditions stabilize.

As Frank mentioned in his opening comments, the Consumer Group also faced a challenging comparison to the prior-year period when sales increased 21.4% and adjusted EBIT increased 65.8% due to extraordinarily high demand for its home improvement products during the first phase of the pandemic.

Earnings declined during the fiscal 2022 second quarter from inflation on materials, freight and labor, as well as the unfavorable impact of supply shortages on productivity. These factors were partially offset by price increases and operational improvements. The segment continues to add capacity to meet demand and build resiliency in its supply chain to secure the raw materials it requires. In order to meet customer demand, it is using contract manufacturing at higher cost until it can bring new manufacturing capacity online. It is also qualifying new sources for raw materials, including our new manufacturing plant in Texas.

Now I'll turn the call over to Rusty to discuss our outlook.

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

Thanks, Mike.

Looking ahead to our fiscal 2022 third quarter, we expect that the strong demand for our paints, coatings, sealants, and other building materials will continue. Supply chain challenges and raw material shortages have persisted in December, further compounded by disruptions from the Omicron variant on RPM's operations and those of our supplier base. These factors are expected to put pressure on our top line and productivity.

In spite of these challenges, we expect to generate double-digit consolidated sales growth in the fiscal 2022 third quarter versus last year's record third-quarter sales, which increased 8.1%. We anticipate high-double-digit sales growth, along with margin accretion in our Construction Products Group and Performance Coatings Group. SPG sales are expected to be up low-double digits as compared to last year's third quarter. The Consumer

Group faces a tough comparison to the prior-year period when its sales increased 19.8% and, as a result, its sales are anticipated to increase by low-single digits.

Consolidated adjusted EBIT for the third quarter of fiscal 2022 is expected to decrease 5% to 15% versus the same period last year when adjusted EBIT was up 29.7%. We anticipate that earnings will be affected by ongoing raw material, freight and wage inflation, as well as the impact of raw material shortages on sales volumes, plus the renewed Covid disruption from the surging Omicron variant. These challenges will disproportionately impact our Consumer segment. We continue to work to offset these challenges by implementing price increases, improving operational efficiencies and bringing on additional manufacturing capacity.

Finally, I'd like to note that we remain laser focused on executing our strategies for sustained growth. We remain vigilant about protecting the health of our employees, their families, and the communities in which we operate. With the rise in Covid cases worldwide, we remain focused on processes and procedures to maintain safe and productive working environments for our associates. We continue to be agile in our management of the business, allowing us to navigate supply chain issues and meet customer needs. We expect that margins will recover towards pre-pandemic levels once supply challenges abate.

Lastly, we are investing in employee training and other initiatives that will drive long-term growth, including operational improvements, innovation, acquisitions, capacity expansions and information technology. These actions will optimally position RPM to deliver long-term growth and increased value for our stakeholders.

This concludes our formal comments. We will now be pleased to take your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Your first question comes from the line of Frank Mitsch of Fermium Research.

Frank Mitsch - *Fermium Research, LLC - President*

Obviously, a lot of comments regarding price. You indicated that price was up in the high-single digits here in the fiscal second quarter, and you announced another round of price increases. What are your expectations for pricing in the back half of the fiscal year? And where do we stand in terms of the raw material inflation? Can you give us some color as to what you were facing in the fiscal second quarter, what your outlook is on the raw side for the fiscal third quarter?

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

Sure. In the second quarter, on a consolidated basis, price was up 7.5%. And with the price that's already been announced and enacted in fiscal '22, we expect price to have an 11.5% impact in Q3. Our raw materials are up pretty significantly in terms of where we are year-over-year. We're up about 30% in total. We're up 40% to 50% in our top 20 raw materials. We're up in a couple of categories year-over-year like epoxy resins, alkyd resins over 100%. And so that's some of the color you're seeing.

I can tell you, in general, that the supply chain situation is still very stressed. But as we sit here today, it seems to be improving. Feedstocks are improving, although we're not seeing that yet translated into the intermediates and specialties, which we buy. Availability of raw materials is improving in most areas. But I will tell you, the whole supply chain is still very susceptible to unexpected shocks, so there doesn't seem to be much pushing or resiliency in this improving environment.

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The last comment I'll make on that is freight is a kind of uniquely growing problem. Freight costs have been rising across all categories, as we have commented in the past, particularly for truck transportation and most probably related to Covid infections or quarantines. Literally, the availability of freight to move goods has become a challenge in the first part of Q3.

Frank Mitsch - *Fermium Research, LLC - President*

Got you. Got you. And then -- and feeding off of that supply chain issue that you mentioned, it's obviously part of the reason why you decided to increase your inventories here in the fiscal second quarter to try and get ahead of that where you can. And so, it kind of begs the question, as you look at your customers, you'd assume that your customers are probably doing the same, so yourself and Rusty mentioned from time and again, the robust demand that you're seeing out there, which is obviously very positive. But to what extent might that be a little bit of double counting as customers are also seeking to raise their inventory levels? Do you have any good feel as to how that interplay is playing out?

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

Sure. Well, I can assure you that our inventory levels are lower than they normally would be and provide tons of examples. But our fill rates are not at the 98%, 99% levels that have been the norm for decades, and there is a meaningful backlog in Consumer. So, the supply chains there are very tight on the finished goods side. In most of our product categories, the hundreds of millions of dollars per quarter that we're missing in revenue is in part due to supply chain disruptions and our ability, production wise, just to get products out.

And so, I don't think there's much cushion, Frank, in the inventory of our customer base, and we are working hard to get some cushion back in there. And I suspect our customers would appreciate getting back to normal levels. But we've had to defer revenues across multiple businesses and product lines because of the supply chain and production disruptions.

Operator

Your next question comes from the line of John McNulty of BMO Capital Markets.

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

So when I look at the various businesses, with regard to some of the inflationary pressures, Construction managed it pretty well over the last couple of quarters, Performance as well. Consumer seems to be taking it on the chin a lot harder, and I assume that's largely tied to the alkyd outage that you referenced earlier. I guess, can you help us to understand how long before you feel like things are back to a steady state in terms of alkyd supply, whether it's from the capacity that you're bringing on yourself or from other suppliers that you may be able to be able to procure it from? Can you give us a little bit of color on that?

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

Sure. Yes, I appreciate your comments. Broadly, we anticipate Q3 continuing really strong growth in our Construction Products Group and Performance Coatings Group, including a return to some meaningful margin improvement. So, you'll see nice leverage to the bottom line there as we manage cost/price mix in those businesses and have continued to take market share. You'll see improvement in our Specialty segment. And I think, as we sit here today, unless the Covid Omicron disruptions continue to get worse, we anticipate, although the quarter is not over, that it will be the first quarter in three where you'll have all four of our segments positive from a revenue perspective.

The Consumer Group is the principal challenge in Q3. We'll be nicely positive in terms of EBIT across all our other businesses. And it's really related to a couple of things. It is related to alkyd resins. Our primary supplier, as you know, had an outage that negatively impacted us. We've been scrambling, both in terms of getting product and then also outsourcing production. That's been an 18-month issue that we're working to resolve, and we'll start making headway this spring.

We are packaging intensive, not only within RPM, but within the consumer paint industry within RPM's Consumer Group. We are small project paints. We are a small project patch and repair. We are caulks and sealants. So, packaging has been both a disproportionately bigger challenge in terms of cost and also in terms of availability. I think the last straw to drop there is an anticipation of another significant increase this spring in tinplate costs, which will impact metal packaging across the whole industry.

Last comment I'll make is that we've had significant Covid disruptions within our Consumer Group, and I can give you just some statistics. Broadly speaking, this is what the world is seeing. First, from a corporate campus of 100 people, we had 20 cases over the 18-month period of March 2020 through November on our corporate campus. We've had 14 cases in the last two weeks. And most of those have been breakthrough and most of those, as far as we can tell, have been at home. In our Consumer segment, we had 108 cases in our operations alone, that's manufacturing and distribution sites, over the last six months. We've had 97 cases in December.

And so those are also disproportionately happening because we're pretty intensive in distribution and manufacturing into Consumer. Freight has been another issue. So sorry for the long litany of challenges. We're going to be positive in terms of sales growth year-over-year in Consumer for the first time in three quarters. And you're going to see significantly better resin flow as we continue to ramp up the Texas facility that we acquired in September. That's going as well or better than we anticipated.

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

Got it. No, that's helpful color. And I guess maybe a question on the longer term. I know in the past, you've cited a margin target of 16% in the long term. And I think that was still kind of the goal even though MAP to Growth had maybe gotten put on -- held back a little bit, so maybe the timing was off.

I guess when you think about the huge pricing that you're pushing through and volumes that you're seeing now, but also the higher cost, I guess, how should we think about that as still kind of a longer-term target? Does the bogey change at all? Is it either a little bit lower just given everything so inflationary? Is it a little bit higher because the pricing goes up and maybe eventually the raw is stabilized? Like I guess how should we be thinking about that?

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

Great question. And we still very much have in mind a 16% EBIT margin. To get there, we're going to have to drive gross margins on a consolidated basis towards 42%, and we have a lot of work to do there. Having said that, we anticipate this spring that you will see a return to record margins in our Construction Products Group and our Performance Coatings Group. You'll see good progress in our Specialty Products Group. And the area, again, that has had this most significant margin deterioration, roughly half of which has been a cost/price mix issue and the other half of which has been just the incredible disruption to production throughput, is in the Consumer Group. And that part of our business is getting a lot of attention.

Operator

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

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

On the Construction Products Group, just in terms of the regional breakdown that you cited in your press release, you pointed towards Europe being relatively flat and early strength in North America. Can you just give us a little bit more color in terms of what specifically is going on in Europe? Is that just deferred sort of activity? And how do you see that evolving as the year unfolds, calendar year?

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

Sure. So, a couple of things going on in Europe. Number one, over the last two years, we have been intensely focused on margin improvement there, even to the extent of shedding some lower-margin business deliberately. And so there has been a focus on profitability because the profit levels in our European Construction Products Group are not up to where we are in North America or, for that matter, in Latin America.

And then the other issue is I think that the reaction to this new surge, in every case, to these surges of coronavirus have caused more market and customer-facing disruptions, which has inhibited some of the growth there versus what we're seeing in North America. I think our experience mirrors the headlines, which is the U.S. economy has been growing through the coronavirus circumstances in calendar '21 quite well, and that has not been as true in Europe.

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

Got it. And the $100 million in lost sales specific to Consumer for 2Q that you called out, if I read that correctly, that would imply quite an increase of -- quite a bit of an increase of 40% relative to the 2Q fiscal year '20 baseline. Can you just give us a bit more color on the bridge between the two periods? I know pricing is a piece of that. Obviously, volume and share gains, but how should we think about the sustainability of that improvement? It seems like a very large number.

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

Sure. And I'll turn that over to Rusty. I think he can give you the balance between, broadly, I think it was more like $200 million, and the bigger chunk of that is Consumer. Rusty, do you want to add some color to that?

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

Sure. Yes, Ghansham, in the second quarter, Consumer sales are down $18 million. But like we said, the sales could have been $100 million, or maybe more, higher had it not been for supply chain disruptions. In terms of price increases, they are going through the third round of price increases here in Q3, but they have had two significant price increases in the fall and spring that's contributing to that.

The market is still good. We're just losing out on opportunity temporarily to meet the extraordinary demand that's out there. We think that will come back to us through the revenue line as we increase capacity, as supply chain disruptions settle down. There's a lot of reasons why the business long term looks fantastic. They are well positioned. They have great market share and market-leading brands. But temporarily, they face the most acute situation due to the alkyd resin supplier outage last spring, and that's why they're suffering more on the lost sales.

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

I will add to that, that it's our anticipation that the resin availability issue will be back to normal sometime this spring. And the plant that we acquired in September is going to supply probably 30% of our previously purchased alkyd resin production. So that's been a big help for us as we ramp that up, and we would anticipate a fourth quarter that looks good across all four of our segments.

Operator

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

Steve Byrne - *BofA Securities, Research Division - Director of Equity Research*

Frank, perhaps you can help us better understand the differential performance between Consumer product -- or Construction and Performance Coatings. You had higher organic growth in the Construction Products, which your EBIT performance was so much stronger in Performance Coatings. Is there -- was there just more of the price, you referenced the 7.5% kind of price up? Was it much higher than that in Performance Coatings? Or was there something -- was it just maybe less of a raw material cost drag in that segment? Help us better understand how we can look at that going forward from here.

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

Sure. So, the Performance Coatings Group lagged some of the MAP to Growth strong performance and other parts of RPM because of some cyclical challenges, particularly in the oil and gas industry, as you'll recall. So, part of the stronger performance in our Performance Coatings Group is easier comparison to prior-year periods. And their underlying execution in MAP to Growth was as good as anywhere else. It was just muted by top-line challenges.

With the top line growing again, you're seeing an extra boost as the MAP to Growth benefits in the Performance Coatings Group are starting to be realized as our revenues are growing again, particularly in relationship to the recovery in some of the more cyclical oil and gas and industrial capital spending markets the Performance Coatings Group serves. That's the first part.

Construction Products has really been showing strength on strength. While we've lost a little margin there in the last couple of quarters, and you'll see that turn around in Q3, we are generating really strong performance on what were prior-period record results. We are well positioned in product categories in general. And in certain instances, the Covid disruptions are actually helping us, whether that's in the Nudura build-out, which we expect to have expanded capacity by the end of the summer, or whether it's in the roof restoration coatings.

The other thing I'll say about both Stonhard and flooring and our Tremco Roofing division is in both cases, we're uniquely a supply and apply house. And so, while labor issues are a challenge everywhere, including in the construction markets, our ability with dedicated crews to provide installations where perhaps others can't has also helped us.

Steve Byrne - *BofA Securities, Research Division - Director of Equity Research*

And I wanted to ask a little bit about this plant that you acquired back in September and in the last quarter it was referred to as a Tremco purchase. So, is, are the alkyd resins being produced at this plant, will that only be through -- will that only flow through Construction Products or will Consumer benefit from that? And what other chemistries are you likely to pursue at this facility down the road?

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

So that's a great question, and we'll keep that in mind and have a better answer for you in our April conference call broadly. It is part of our Construction Products Group because we are making various intermediate chemicals for numerous RPM companies. It's also in our Construction Products Group because as you know, from an RPM perspective, there are no RPM owned and operated plants. Our plants are owned and operated by our subsidiaries. And so, we had to choose a subsidiary that was in a good position, both from an operations leadership perspective, and the ability to coordinate throughout RPM. And our Performance -- I'm sorry, our Construction Products Group was the right home for that business.

Initially, the biggest chunk of focus is producing alkyd resins for our Consumer Group. But we expect a strong resin supply and other unique intermediate chemical supplies for other RPM companies, and I'll have a better answer in more detail for you in April.

Operator

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

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

Can we just talk maybe about SG&A a little bit? It's up about $60 million year-to-date. I know you called out in the release that there's higher incentive compensation this year. But what are the other buckets that have caused that increase? And should we be annualizing that year-to-date increase for the entire fiscal year?

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

Rusty, you want to handle that with some detail?

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

Sure, I'd be happy to. One of the main sources of increase year-over-year is commissions. We are increasing sales rapidly and some of our higher commission construction and industrial product line areas, Vincent. So, commissions is a big chunk of that.

T&E is back. I wouldn't say anywhere close to back, maybe it's getting close to halfway back to what it used to be, but T&E, basically was zeroed out last year. We've also added some modest SG&A from acquisitions. We have, of course, pay increases and some growth initiatives that we're pursuing at Specialty Products and a lot of Construction Products Group as well. So those are the main sources for that.

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

Okay. And then just in the nonconsumer segments, there were some callouts about some of the revenue that was deferred during the heart of the pandemic coming back now, which is obviously great. I just want to make sure that we're thinking about the go forward properly.

Are these new base levels of revenue growth that you can grow off of? Or should we be thinking about having difficult comparisons, maybe a year from now, because just as last year's revenue was understated because revenue is being deferred. Is this year's revenue a little overstated because you made some of that up? Or how should we think about that continuum?

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

Sure. I think we'll have some difficult comparisons. So, I don't know how likely we are to be showing the 8% or 10% unit volume growth in the 20% revenue growth and growing. But certainly, for the next couple of quarters, you'll see out of the non-consumer segments, which you referenced, the same type of strength that we've seen with better leverage to the bottom line. And in general, we are -- in Construction Products, it's new product categories. I think there's more growth to come out of Europe once we get the margin profile where we want it. I think the categories like Nudura, the roof restoration coatings, some of the potential there is being quite candidly impacted by capacity, which we're addressing and should have fully addressed in both cases by the end of the summer.

So, there's really good strength there. And I don't anticipate anything but positive sales and earnings growth as we get into fiscal '23 that starts in June.

The big recovery in terms of year-over-year performance, not surprisingly, will come out of our Consumer Group, because we anticipate finally addressing some of these supply disruptions and Covid disruptions by the spring, so our fourth quarter. And as we get into next year, hopefully, you'll be seeing better flow-through, improved supply chains, and in that case, pretty significantly disrupted performance results in the quarters in fiscal '22 in Consumer.

Operator

Your next question comes from the line of Kevin McCarthy of Vertical Research.

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

Frank, your Specialty Products segment had been tracking quite well under new management, but margins came in a little bit less than we would have expected this quarter. In your commentary, you said that a number of different issues in terms of investments, conversion costs, semi chips, legal, et cetera. Can you give us a feel for how many of those issues might persist in the third quarter and beyond versus other ones that could be fleeting? And more broadly, when do you think you might start to compare positively on the segment margin in Specialty?

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

I think that we have a good shot. First of all, you'll see performance in Q3. I think we have a good shot at seeing not only sales growth but EBIT year-over-year looking positive.

The biggest challenge there, as Rusty and Mike have alluded to, is in our Legend Brands business. That is a business that is a leader in restoration equipment, dehumidification equipment, air filtering equipment, air moving and high-performance fans. And from 10 years ago, where this was all manual equipment, this is all stuff for industrial and commercial settings that can be run off your iPhone. They have significantly more sophistication in terms of boards and chips, and we can't get them.

And that's a business that didn't run on a big backlog and now has a $40 million or $50 million backlog. We haven't lost market share. And we hope to see that being resolved. Performance in Q3 will look better or worse based on that one business unit's ability to get supply.

Back to an earlier question, and this is the most extreme example, but it's true in other parts of RPM about inventory. We typically don't operate with much WIP, work in process. And we got a ton of WIP in our Legend Brands business because we have bought all the steel and all the components to put together all of this equipment. And we literally have a fair amount of inventory sitting, waiting for chips, which once installed, kind of like the challenges in the automotive industry, should lead to significant improvements in revenues and earnings.

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

I see. That's good to know. And then secondly, Frank, you've talked in the past about potential MAP 2.0 program. What are your latest thoughts on timing and potential savings to continue to flush that out?

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

Sure. A year ago, we had hoped to be in a position to provide some details now. I think it now appears that that's more likely to be this summer. So, we'll get through this fiscal year. I think we anticipate a return to more normalcy across all our businesses in Q4. And so, we'll have a better base of business and more normal flow-through. And hopefully, the Omicron surge here is kind of the beginning of the end for Covid. That would be a nice new year gift to the world.

So, we have been continuing to work on that. As I commented earlier to John McNulty's question, we are intensely focused on achieving a 16% EBIT margin. All of our businesses know it. We were making great progress there. We're back on track in two of our three businesses already, which is Construction Products and Performance Coatings, and we just need to get through these supply disruptions and supply chain challenges. And then we will be providing, I hope, this summer in some detail what a MAP to Growth 2.0 looks like.

Operator

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

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

Just a follow-up on the lost sales and specifically Consumer. Just wanted to get your view there. Do you need a continued supportive demand environment to get those sales back? Or is getting those sales back just an inventory function of customers restocking?

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

I think it's a combination of both. When you look at the charts that we supply, we've been relatively -- I think, good comparison when you go back to our fiscal '20 results versus where we are in fiscal '22. So, we feel like there's an expanded user base because of the pandemic situations.

Quite candidly, all you need to do is go to the shelves in our big customers. And it's not only in our categories, it's other categories. But you're looking at fill rates from one week to the next that are 50% to 70% in an industry and, in the case of RPM, where our fill rates have been 99%, 98%. And it's just been a massive chunk of disruption. Whether it's having stuff ready and no trucks to pick it up, whether it's being able to produce for three days but having to pay your workforce, obviously, full time because you can't lose people.

And it's been -- and we were making actually good progress, and we're anticipating a better Q3 than we're forecasting now. And I just provided some of the details on the coronavirus cases and the operations in our Consumer Group, and it's just another unanticipated setback that we will overcome.

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

Okay. That's helpful. And if I could just ask on Performance Coatings, I guess two things there. First, when you talk about maintenance spending coming back, can you comment on your backlog in that business? Is it multiple times higher than perhaps you've ran in the past, which gives you visibility there? And then in your slides, you talked about decision support tools, improving sales force efficiencies and mix. Can you just kind of explain what exactly that is and how that's helping?

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

Sure. So first on that last comment, and we had commented over the last year or so out of our MAP to Growth program, and it was really not originally a part of it. We had hired a consulting firm to help a number of our businesses look at their cost price/mix situation.

And it's literally -- it's not a go raise your prices assessment. It's a better analysis of mix. It's helped us make decisions, like I referenced in Europe about product lines that when you look at from a long-term basis, you make decisions as to whether or not they're worth our investment, our time and our capacity. And they're also trying to get us to the point where we can utilize a better understanding of mix to proactively and offensively incentivize our sales force in the marketplace versus just using mix as a retrospective analysis of performance.

And so, we're doing a lot of work there, and some of that is looking at commission structures in relationship to product margin profiles and things like that.

As Rusty had commented and Mike commented earlier, the billions and trillions of dollars that have been allocated in the United States alone towards infrastructure will benefit our Construction Products Group and Performance Coatings Group. We are well positioned in terms of public and private infrastructure spending. What's going into hospitals, what's going into schools, those are markets that we serve. The onshoring in technology, we continue to be a leader. For instance, in floors for all the major tech companies with static dissipating floors as an example. So, the onshoring of a lot of that is leading to upticks in our business. So, I think the next couple of years in those two business segments look very bright.

Operator

Your next question comes from the line of Jeff Zekauskas of JPMorgan.

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

When you think about the board's compensation targets for management, it's very difficult to understand whether management is meeting the targets, is a little bit behind, is ahead, given that there are so many raw material factors and disruption factors. Can you give us a hand and understanding what the board wants from management and if you're ahead or behind their targets, their base targets?

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

Sure. I guess the specifics I would direct you to our proxy where I think we do a pretty good job of outlining in retrospect for a particular year, what the targets were and what our achievement level were to those targets.

We have actually very good discipline in relationship to compensation. We have never repriced options. We did not make specific compensation changes or adjustments in relationship to Covid situations. And so, I'd say we have good discipline there and the details are outlined in our proxy.

The board has used discretion last year and this year in some areas in relationship to making sure that we are focused on market share gains and advancing our businesses and then also at least through fiscal '21, our progress on a relative basis to our peers and our prior year performance in relationship to the MAP to Growth program, which was very effective, but obviously disrupted by Covid and now supply chain issues.

Compensation this year will be a tough issue because like everybody, everybody is working twice as hard. Everybody is dealing with a VUCA environment, the likes of which nobody has really seen. And the impact on compensation relative to performance won't look particularly great. Because in a number of our businesses, our bottom-line targets aren't meeting what our original expectations were. It may not be fair, but that's life. And again, I would refer you to the details for past comp to our proxy, and you'll see the same type of detail in the proxy we put out in August of '22.

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

Okay. And secondly, were volumes in the quarter up on a consolidated basis, up low single digit? And if you were on LIFO instead of FIFO, would your cost of goods sold have been very different?

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

Well, I have to defer that question to Rusty. I don't know the LIFO, FIFO difference. And again, he can provide maybe the details of unit volume. I can tell you in Performance Coatings and Construction Products, unit volume was high-single digits or even to the 10% range. And in some of our Specialty Products Groups, we had good unit volume growth except for Legend Brands. And obviously, we've had negative unit volume growth in Consumer. But Rusty could provide better color and perhaps has an answer for the LIFO FIFO question, because I do not.

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

It's been a while since I cracked open my accounting books, but in a rising cost environment, LIFO would generally give you the higher or more current costs as compared to FIFO. Mike, is there anything you want to add to that?

Michael J. Laroche - *RPM International Inc. - VP, Controller & CAO*

No. I mean we haven't done the math on it, but I would agree with what you said.

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

How about volume? How about consolidated volume for the quarter? What was that? Was it up a little bit, or no?

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

Yes. It was up low-single digits, like Frank mentioned.

Operator

Your next question comes from the line of Arun Viswanathan of RBC Capital Markets.

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

I guess my question is around the guidance. So, if you look at the next quarter, you do expect a range for EBIT in that 5% to 15% range down. I guess when you think about the cadence through the year, this is typically your weakest quarter just given winter seasonality. So, do you expect that range to kind of improve also in light of improving raw material availability as you move through the year? And said another way, do you expect kind of this quarter to be the worst as far as supply chain disruptions in raw material availability?

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

I think in general, that's the right way to think about it. Our resin flow for our Consumer business is improving in the Texas plant, and we will provide more detail in April broadly on that, but the Texas plant ramp-up in alkyd resins is helping significantly. And so, I think you're going to see improvement in each of our segments.

The Specialty Products group will be particularly related to recovery in our Legend Brands business or not. And so, you'll see -- that's a big part of the swing there.

And then the throughput on Consumer, I think the biggest variability here that we're not certain about is Omicron, significant disruption in December. It actually changed what we thought a month or so ago would be more positive results in Consumer to another quarter of declines in EBIT in our Consumer segment. You will see, for the first time in three quarters, positive year-over-year sales growth in Consumer. And if trends continue, and there's no shocks that we don't anticipate, you're going to see a significant improvement across all four segments as we get into the spring.

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

And then if I could just go back to the demand question. So, as you noted, demand appears relatively robust across many of your verticals. Where would you say demand is the weakest, I guess? And is that -- would you think that you still haven't seen a recovery because of Covid? Or is it something else?

And then I guess, furthermore, as you implement these price increases, is there -- amongst your customer base, is there a willingness to kind of pass on these price increases to their customers? And is that what is keeping demand so robust? Or do you see any risk of this demand kind of slowing down because of price increases crowding out that demand?

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

Sure. As we commented earlier, I think that our -- geographically, our weakest area of performance is in Europe, and we would hope to see European economies pick up more along the lines of the U.S.

In our product categories, we don't see a lot of weakness right now. I do think it will be interesting as we get into calendar '22 throughout this calendar year the balance between consumer demand and getting the supply chain and inventory levels back to normal, which they're really not close to right now.

And so, seeing where that settles out in terms of demand in Consumer is the area where I think we have the least visibility just because once we can get the supply chain disruptions in place, we should have really strong performance for a period of time, if for no other reason, to get inventory levels at our customers and in our own shop back to normal levels.

Operator

Your next question comes from the line of Mike Sison of Wells Fargo.

Michael Sison - *Wells Fargo Securities, LLC, Research Division - MD & Senior Equity Analyst*

It sounds like the sales momentum will continue into the fourth quarter. Just curious, and I know it's early, given all the headwinds. But if you think about the potential scenarios for EBIT growth or decline in the fourth quarter. What do you think they are given the raw material headwinds, Omicron and so on and so forth could be for the fourth, particularly if you have positive sales growth again?

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

Sure. When you see where our Consumer -- I'm sorry, where our Construction Products Group is going, where our Performance Coatings Group is going, we see that strength continuing in the second half of fiscal '22. So that strong top line. And for the second half, in particular, really good leverage to the bottom line. We anticipate, but it's literally month-to-month, recovery in our Specialty Products Group, and we talked about Legend Brands.

Our expectation is for recovery in Consumer nicely in Q4, but we have been providing guidance one quarter at a time because the visibility of what's happening and the impact of disruptions in light of stressed supply chains just made it really difficult to forecast forward with much accuracy.

But if the current trends of a stabilizing raw material supply base cost-wise, improving base chemicals, which are moving in the right direction. And if Omicron is kind of the last gasp of Covid, which would sure be a blessing, then we should have a bang up fourth quarter. And that's -- that is easy to calculate if we can get some of these supply chain issues behind us, and we can see a raw material environment that's -- it doesn't even have to be declining. It just needs to stabilize.

Michael Sison - *Wells Fargo Securities, LLC, Research Division - MD & Senior Equity Analyst*

Got it. And then just on that, you mentioned, I think, in the slides or in the opening comments that you're looking to expand your supplier base. Can you give us a little bit more color on that? What you're doing and how you're doing that to maybe improve availability longer term?

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

Sure. I think that notwithstanding the disruptions and supply chains, there's always a battle. The communications with us and our major suppliers have been really good through this whole Covid thing and understanding how to deal through force majeures, which are down two-thirds from where they were. We're in the mid-teens on force majeures now across a couple of hundred product categories. We were in the 50s plus across 500 or 600 product categories. So that's improved. So, there's been good communication there.

There have been one or two instances where suppliers have acted in circumstances that have broken contracts and very transactionally. And so, we have opportunities to -- particularly with a more consolidated procurement activity to make changes where appropriate.

And then the Corsicana, Texas plant also improves our internal production. We don't intend to be a king of any raw material. The area that we'll probably have the biggest capacity is in the alkyd resins. And sometime this spring, we should be up and running to the tune of 30% of our internal needs. So those are the areas that we think about when we reference supply.

Operator

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

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

Wanting to ask a question about the Pure Air acquisition, you did this back in August. It seems like it's kind of the right product at the right time as people are starting to return to office buildings, return to other institutions and wanting to be more confident around their indoor air quality. You said in the press release that, that was running at a $10 million annual sales rate when you acquired it. I was wondering if you could talk about where the backlog is for that Pure Air deal and maybe -- or Pure Air business, I should say, and where you think you can take sales over the next couple of years?

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

So that's a great question. I appreciate that you're paying attention to that. Our M&A activity has been successful in the small to medium size range. And the real homeruns are where we can buy a unique business or product line and through our distribution or sales force or market presence, expand it. And I think Pure Air is going to be a great example of that.

That's a $10 million or $15 million business that we acquired this year. I would anticipate that in fiscal '23, we'll do north of $50 million. And if we can expand that in the coming years to what we believe is possible, that could be $100 million of product and services that's part of our WTI business.

And so, boy, if we can find more and more $10 million or $15 million product lines that we think 18 or 24 months later are $40 million or $50 million and with an upside of $100 million, we're -- we would be excited. That's a real winner for us.

And that's one example of kind of -- those who have followed RPM, and I'll talk about somebody here at the end of the call, for a long time have seen us evolve from a very decentralized holding company to what is four groups today. And our Construction Products Group was a collection of very decentralized different businesses and has now been much more integrated. We're leveraging our sales forces and that's allowing us to take advantage of product lines like Pure Air and really expand it aggressively.

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

All right. And just a quick one on the Specialty Group. I believe you mentioned some legal expenses. Can you give some color on what that entailed and what the magnitude of those expenses were in the quarter?

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

Sure. It was related to one of our OEM service providers around furniture coatings and furniture warranties and a disagreement that's been ongoing for a long, long time with a West Coast distributor, and that was resolved with a jury verdict. And I believe in the quarter, we took a $2 million charge. Is that right, Rusty?

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

Yes, that's right.

Operator

Your next question comes from the line of Kevin Hocevar of North Coast Research.

Kevin Hocevar - *Northcoast Research Partners, LLC - Director & Equity Research Analyst*

On the supply chain issues. So, $200 million headwind in the quarter, I think it was the same headwind in the first quarter. Forgive me if I missed this, but did you quantify how much you're expecting in the fiscal third quarter? And what's baked into the sales guidance that you provided?

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

Yes. I don't know that we've quantified that. Have we, Rusty?

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

Yes, I would say pretty big range. I mean, if you look at December, Kevin, we're running at that same pace of the past two quarters because of the disruption from Omicron. And the rest of the quarter is a bit of a wildcard simply because typically in the slow seasonal period for RPM, we can rebuild the pipeline, fill up store shelves that have been empty during this supply chain mess. And to the extent we're able to do that, we might be able to catch up on the previously deferred sales from the past three quarters. We said $200 million in Q2, $200 million in Q1, $100 million back in the fourth quarter of F '21.

So that would be the hope. But so far, December isn't panning out. So, I'm not giving you numbers, Kevin, for that reason. It's highly uncertain whether that trend will shift.

Kevin Hocevar - *Northcoast Research Partners, LLC - Director & Equity Research Analyst*

Yes, makes sense. And just a quick clarification on the guidance. You mentioned high-double-digit growth expectations out of Construction Products and Performance Coatings in the third quarter. Could you just maybe give what that means? Does that mean like high teens? Or if you could maybe give us a little bit more color on what you mean by high-double-digit growth out of those segments?

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

Rusty, why don't you address the outlook for the quarter?

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

Sure. Yes. When we say high-double digit, we meant high teens. So sorry for the confusion, Kevin.

Operator

Your last question comes from the line of Rosemarie Morbelli of Gabelli & Co.

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

I was just wondering if PPG's announcement today that they are expanding their relationship with Home Depot would affect your business with Home Depot or they are mostly sticking to pro paint, and you are not in that particular side of the business?

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

Yes. I have not seen that release this morning, Rosemarie. I will look at it. But we do not compete directly at Home Depot with PPG. They're principally an architectural paint, and they are not actively involved in any direct way in the small project paint or caulks and sealants or patch repair product categories that we are the leaders in. So, we will look at that. But as of today, they're principally an architectural paint supplier and a second tier or third tier to the BEHR products.

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

Okay. And then if I -- if I may follow up on that architectural paint. I seem to recall that in the past, you have mentioned being eventually interested in that. Would it be mostly in terms of buying an architectural paint regional manufacturer, just mostly focusing on one particular niche?

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

No, it's really organically grown in relationship to the customer inquiries. So, we've gone from a 500-store test, maybe smaller with Walmart, and that has expanded to 1,500 stores. It's principally a pre-color. So, a color product for exterior and interior. And we would hope to be able to see that grow significantly in the spring, but we've had a nice trajectory there. And then we have had some e-commerce online architectural paint programs that are in their very initial phases with Menards and with the Home Depot. So overall, all organic.

Operator

This concludes today's Q&A session. I will now turn the call back over to Frank Sullivan.

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

Good. Thank you, Dee. And I think it was fitting that Rosemarie Morbelli asked the final question for almost 30 years of covering RPM and being a champion for us in some periods and challenging us in others. She has had an extraordinary career of being an equity analyst and a research analyst in the paints and coatings and specialty chemicals space. And Rosemarie, I want to say heartfelt thank you on behalf of me, of course, my father, Tom, who you knew for many, many years and all at RPM for your good work. And we wish you well in your retirement that was announced last year. And wish you well as you continue Rosemarie Morbelli's excellent adventure.

And I'd like to thank everybody on the call for your participation today. Certainly, the environment that we've all operated in in the last two years has been extraordinary. And as I mentioned earlier, supply base, analyst base, shareholders, I think the candid communication and goodwill that has been generated in this period of time has been extraordinary, and it's something we would hope to continue.

I wish you all a happy and healthy new year. And we look forward to updating you on our results and our progress when we meet again next at our April investor call. Thank you. Have a great day. Rosemarie, thank you very much, and Happy New Year to all.

Operator

Thank you. This concludes today's conference call. You may now disconnect.
