Quarterly Report 2

RPM International Inc.

Second-Quarter Report

For Period Ended November 30, 2018

- **Record second-quarter sales improved 3.6% over prior year**
- **Excluding restructuring and other charges, diluted EPS was $0.52**
- **SG&A improves as a percent of sales due to better cost controls**
- **Cash from operations increased 29% due to improved working capital management**
- **MAP to Growth operating improvement plan launched and underway**

The Value of **168®**

To Our Shareholders

For our second quarter ended November 30, 2018, we generated solid top-line sales of $1.36 billion, reflecting an increase of 3.6% over last year's second quarter. Sales growth was well balanced between organic initiatives at 3.0% and acquisitions at 2.6%, while foreign currency translation reduced sales by 2.0%. Organic growth was evenly spread across our three operating segments, which attests to the value in our approach of deliberately maintaining a strategic balance between our segments and fostering an entrepreneurial culture focused on growth.

This autumn was the second wettest on record in the U.S., which is our largest market, and resulted in disappointing sales at our businesses providing commercial roofing, exterior cladding and various consumer products with exterior use. We believe this weather-related impact is temporary. In the international markets we serve, we experienced disappointing results across most of our business, particularly in Europe, which was also aggravated by the unfavorable foreign exchange.

Raw material costs have increased for six consecutive quarters, including the fiscal 2019 second quarter. Our businesses have been implementing price increases to combat the pressure raw materials have put on margins. We anticipate that raw material costs will level off in the back half of our fiscal year. Our businesses should further close the gap on our margins when the price increases they negotiated take hold in the coming months.

We continued to rein in expenses during the quarter. Better cost control led to an adjusted SG&A-to-sales ratio improvement of 100 basis points over the second quarter last year, on an adjusted basis. During the first half of our 2019 fiscal year, cash from operations improved by 29%, a direct result of improved working capital management.

While our bottom line results were disappointing, we're pleased with our solid top-line growth, the anticipated margin improvement to come from our improving raw material cost-to-price ratio and the benefits we expect to experience as we continue to implement our 2020 MAP to Growth operating improvement initiative.

2020 MAP to Growth

At an investor day held on November 28, 2018, we outlined the details of our 2020 MAP to Growth. It includes initiatives designed to drive greater efficiency, accelerate growth and increase value from the unique entrepreneurial culture and leading brands that have been the foundation of RPM's success for decades. As part of the plan, we intend to achieve the following financial goals by May 31, 2021: $6.25 billion in annual revenue; $1 billion in EBIT on an annualized run rate, representing 540 basis points of margin improvement; and $1.5 billion of capital returned to shareholders through dividends and share repurchases. A webcast and transcription of the investor day presentations can be found on the RPM website at www.rpminc.com.

We made good progress on the MAP to Growth during the second quarter with the announcement of four additional manufacturing plant closures and elimination of another 149 positions. This is in addition to two plant closures in the second quarter of last year and five announced plant closures in the first quarter of this year. We began the transition to center-led manufacturing and procurement and we're moving forward on our supply chain initiatives, where we're starting to consolidate the number of vendors and negotiate more favorable terms and pricing.

Second-Quarter Results

During our fiscal 2019 second quarter, we reported charges of $29.2 million primarily for acquisitions, convertible debt extinguishment and restructuring related to our operating improvement plan. Investment losses were $6.5 million during the quarter as a result of a new accounting standard, which now requires us to record unrealized gains and losses on equity securities in earnings rather than as a component of equity. For the fiscal 2018 second quarter, we recorded a favorable discrete tax adjustment of $18.0 million related to the implementation of a foreign legal entity realignment and corresponding planning strategy.

Fiscal 2019 second-quarter net income was $49.2 million versus $95.5 million in the year-ago period. Diluted earnings per share (EPS) were $0.37 compared to $0.70 in the year-ago quarter. Income before income taxes (IBT) was $66.6 million compared to $109.2 million reported in the fiscal 2018 second quarter. Consolidated earnings before interest and taxes (EBIT) were $96.8 million compared to $131.8 million reported in the year-ago period. Excluding the charges mentioned above, our current-quarter adjusted EBIT was $126.0 million and diluted EPS was $0.52, compared to prior-year second-quarter adjusted diluted EPS of $0.57.

Second-Quarter Segment Results

Sales in our industrial segment increased 2.1% to $718.0 million, reflecting organic growth of 3.3%, and acquisitions contributing 1.5%. Foreign currency translation reduced sales by 2.7%. The segment benefited from solid performance in our businesses providing corrosion control coatings, North American construction sealants, and concrete admixture and repair products. Sales growth was achieved despite the impact of exceptionally rainy weather in the U.S., which affected our commercial roofing business. International sales, which account for approximately half of our industrial segment business, were soft this quarter. On the bottom line, higher raw material costs and unfavorable foreign exchange impacted results. We made good progress on our operating improvement initiatives in the segment, which included consolidating production with the announced closure of three plants. EBIT was $56.8 million compared to $70.2 million in the fiscal 2018 second quarter. Adjusted EBIT, which excludes charges related to acquisitions, restructuring and other expenses, increased 1.0% to $70.9 million from the year-ago period.

In our consumer segment, sales increased by 4.1%, which was fairly evenly split between organic sales growth of 2.8% and acquisition growth of 2.9%. Foreign currency translation reduced sales by 1.6%. Organic sales growth was aided by new account penetration, which offset poor point-of-sale performance resulting from exceptionally wet weather in the U.S., the segment's largest market. EBIT was $41.3 million compared to $45.2 million in the fiscal 2018 second quarter. Excluding restructuring-related expenses, adjusted EBIT was $42.9 million for the fiscal 2019 quarter. Price increases instituted late in the first quarter helped to slow margin erosion in the consumer segment. However, raw material cost continued to be a challenge. Operational improvements, which began during the fourth quarter of last year, continued to be made in the segment and are leading to working capital improvements. Also, we announced the closure of one manufacturing facility during the second quarter.

Specialty segment sales grew at a strong 7.6% pace. This was driven by acquisition growth of 6.1%, primarily from the September acquisition of Nudura, a manufacturer of insulated concrete forms that expands our Dryvit product line offering. Organic growth contributed 2.3% to sales, while foreign currency translation had a modestly unfavorable impact of 0.8%. Driving organic growth were our businesses providing wood coatings, powdered coatings and florescent

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The Value of 168 is a statement of the corporate philosophy of RPM. This figure, often cited by our founder Frank C. Sullivan, literally represents the number of hours in a week. On a deeper level, it serves to remind us of his belief that we are born with two great gifts: life and the time to do something with it.

The Value of 168 signifies RPM's enduring commitment to our fellow employees, customers and stockholders. This commitment springs from an ethos woven into our culture. It is evident in the stimulus of a work environment characterized by empowerment, accountability, opportunity and respect. The care that goes into building and sustaining long-term relationships with those we serve. The refusal to compromise on quality. The integrity that ensures results the right way.

The Value of 168 is the essence of RPM.

colorants. Specialty results were better than expected, since the prior-year comparison was a tough one. Performance by our restoration equipment business was brisk as it responded to recent national disasters, but was below elevated sales levels that resulted from Hurricane Harvey last year. We made MAP to Growth progress in this segment as well with the announced closure of one manufacturing facility. EBIT was $29.9 million compared to $34.4 million in the fiscal 2018 second quarter. Adjusted EBIT, which excludes acquisition costs and restructuring-related expenses, was $34.1 million in the fiscal 2019 second quarter.

Cash Flow and Financial Position

For the first half of fiscal 2019, our cash from operations grew by 28.7% to $148.3 million compared to $115.2 million a year ago. This increase of $33.1 million was due to improved working capital management. Capital expenditures of $57.8 million compared to $45.3 million during the first half of last year. Total debt at November 30, 2018 was $2.37 billion, compared to $2.14 billion at November 30, 2017 and $2.17 billion at May 31, 2018. At November 30, 2018, liquidity grew from the prior quarter to $1.1 billion, as a result of a recent refinancing of our revolving line of credit. Total liquidity includes cash of $226.9 million and $862.9 million in long-term committed available credit.

Redemption of Notes Due 2020

During the quarter, we completed the redemption of all of our outstanding 2.25% convertible senior notes due 2020. As a result of our recent stock price performance, we met the criteria to redeem these bonds early. By utilizing mostly cash to settle the conversions, we are pleased that, from a diluted EPS perspective, approximately 3.3 million shares are removed from our EPS calculation. The redemption and resulting conversions are neutral to our current debt metrics.

Mold Control Brand Acquired

On December 17, 2018, we announced that our Rust-Oleum group acquired Siamons International Inc., the provider of the Concrobium brand of non-toxic specialty mold cleaners. Based in Ontario, Canada, Siamons has annual net sales of approximately $20 million. Concrobium is primarily sold in big-box retailers. Among its leading products is Mold Control, the only solution that eliminates mold, prevents its future growth and cleans mold stains in one step, without the use of bleach, ammonia or VOCs. The Concrobium brand greatly enhances Rust-Oleum's ability to offer a one-stop shopping solution to its retail partners, ultimately making it a leader in the specialty cleaning market.

Dividend Declared

On January 2, 2019, our board of directors declared a regular quarterly cash dividend of $0.35 per share, payable on January 31, 2019 to stockholders of record as of January 16, 2019. We have increased our dividend for 45 consecutive years. During this timeframe, we have paid approximately $2.4 billion in cash dividends to our stockholders.

Business Outlook

In regard to our sales outlook for the full year of fiscal 2019, we expect industrial segment sales to grow in the mid-single-digit range as it benefits from steady commercial construction activity and a recovery in the oil and gas market. In our consumer segment, we anticipate sales growth in the mid- to upper-single-digit range resulting from recent market share gains and stepped-up advertising to support new product placements. In our specialty segment, we expect sales growth in the low-single-digit range. We have recently negotiated additional price increases, which are scheduled to be implemented in February and March.

From an operating perspective in our fiscal 2019 third quarter, revenue growth should remain in the low- to mid-single-digit range, with foreign exchange headwinds remaining a challenge. While we are seeing the early benefits of our purchasing activities and softness in certain raw material categories, it is important to note that RPM is on a FIFO basis for inventory, which means that the benefits we are beginning to see on the raw material front will typically flow into our income statement 90 days later than if we were under the LIFO method of accounting, as is the case with our large industry competitors.

Due to three nonoperating items, we expect significantly lower reported earnings and earnings per share for the third quarter. One item is an anticipated current tax rate of approximately 26% versus a benefit from certain tax items of $5.9 million last year. Another is that while we realized gains on sales of marketable securities last year, we expect a different result this year due to the combination of declines in the equities market in December and the new accounting standard, which now requires unrealized gains and losses on equity securities to be reflected in earnings. We anticipate a year-over-year negative impact during this year's third quarter to be in the range of $5 million to $6 million. Lastly, we expect an adverse comparison to last year's third quarter when we reversed approximately $3.4 million of long-term incentive compensation when it became clear that the targeted goals would not be reached. Taken together, expectations of continuing raw material cost challenges and these nonoperating items are likely to result in adjusted third-quarter EPS in the range of $0.10 to $0.12 per share.

Although we are in the early innings of our restructuring efforts, we are making good progress, which has us excited about the prospects for the future. As we work through the plan over the next few quarters, we will continue to adjust out associated charges to provide a clear picture of the initiative and the progress we are making.

In conclusion, I would like to thank our associates around the world for continuing to generate solid growth in a challenging economic environment and our investors for their commitment as we implement our 2020 MAP to Growth initiative with the goal of creating a more competitive and more valuable RPM. I wish you all the best in 2019.

Sincerely yours,

Frank C. Sullivan
Chairman and Chief Executive Officer

January 31, 2019

Consolidated Statements of Income

IN THOUSANDS, EXCEPT PER SHARE DATA (UNAUDITED)

	Three Months Ended November 30, 2018	Three Months Ended November 30, 2017	Six Months Ended November 30, 2018	Six Months Ended November 30, 2017
Net Sales	$ 1,362,531	$ 1,315,416	$ 2,822,520	$ 2,660,810
Cost of sales	824,562	764,401	1,690,509	1,537,787
Gross profit	537,969	551,015	1,132,011	1,123,023
Selling, general & administrative expenses	430,080	419,599	889,822	814,008
Restructuring charges	7,724		27,800	
Interest expense	23,127	26,396	47,533	53,169
Investment expense (income), net	7,033	(3,739)	4,600	(8,192)
Other expense (income), net	3,412	(422)	3,725	(427)
Income before income taxes	66,593	109,181	158,531	264,465
Provision for income taxes	17,420	13,323	39,172	51,704
Net income	49,173	95,858	119,359	212,761
Less: Net income attributable to noncontrolling interests	(51)	395	371	882
Net income attributable to RPM International Inc. Stockholders	$ 49,224	$ 95,463	$ 118,988	$ 211,879
Earnings per share of common stock attributable to RPM International Inc. Stockholders:				
Basic	$ 0.37	$ 0.72	$ 0.90	$ 1.59
Diluted	$ 0.37	$ 0.70	$ 0.89	$ 1.56
Average shares of common stock outstanding - basic	131,058	131,163	131,467	131,204
Average shares of common stock outstanding - diluted	131,667	135,592	133,278	135,663

Supplemental Information

RECONCILIATION OF "REPORTED" TO "ADJUSTED" AMOUNTS *(Unaudited)*

	Three Months Ended November 30, 2018	Three Months Ended November 30, 2017	Six Months Ended November 30, 2018	Six Months Ended November 30, 2017
Reconciliation of Reported to Adjusted Selling, General & Administrative Expense:				
Reported SG&A	$ 430,080	$ 419,599	$ 889,822	$ 814,008
2020 MAP to Growth related initiatives (d)	(7,844)		(20,831)	
Acquisition-related costs (e)	(66)		(66)	
Loss on South Africa business (g)	(540)		(540)	
Adjusted SG&A (o)	$ 421,630	$ 419,599	$ 868,385	$ 814,008
Reconciliation of Reported Earnings per Diluted Share to Adjusted Earnings per Diluted Share (*All amounts presented after-tax*):				
Reported Earnings per Diluted Share	$ 0.37	$ 0.70	$ 0.89	$ 1.56
2020 MAP to Growth related initiatives (d)	0.12		0.36	
Acquisition-related costs (e)	0.02		0.02	
Convertible debt extinguishment (f)	0.01		0.01	
Discrete tax adjustment (n)		(0.13)		(0.13)
Adjusted Earnings per Diluted Share (o)	$ 0.52	$ 0.57	$ 1.28	$ 1.43

(d) Reflects restructuring charges, including: headcount reductions; closures of facilities; accelerated vesting of equity awards in connection with key executives, inventory-related charges to true-up prior inventory write-offs at our Consumer Segment during the fiscal 2019 first quarter and inventory write-offs and disposals at our Industrial Segment during the first half of fiscal 2019, all of which have been recorded in cost of goods sold; accelerated depreciation expense related to the shortened useful lives of facilities being prepared for closure; increases in our allowance for doubtful accounts deemed uncollectible as a result of a change in market and leadership strategy; implementation costs associated with our ERP consolidation plan; and professional fees incurred in connection with the negotiation of a cooperation agreement and related fees in connection with hosting an investor conference, all of which have been incurred in relation to our 2020 Margin Acceleration Plan initiatives.
(e) Acquisition costs reflect amounts included in SG&A for acquisition-related professional fees during the second quarter of fiscal 2019.
(f) Reflects the net loss on redemption of our convertible notes incurred during the second quarter of fiscal 2019.
(g) Reflects other expense associated with a change in ownership of a business in South Africa, as required by local legislation in order to qualify for doing business in South Africa.
(n) Represents a prior year second quarter favorable discrete tax adjustment related to a foreign legal entity realignment and corresponding tax planning strategy.
(o) Adjusted SG&A and adjusted EPS are provided for the purpose of adjusting SG&A and diluted earnings per share for items impacting earnings that are not considered by management to be indicative of ongoing operations.

Consolidated Balance Sheets

IN THOUSANDS (UNAUDITED)

	November 30, 2018		November 30, 2017		May 31, 2018	
Assets						
Current Assets						
Cash and cash equivalents	$	226,914	$	267,857	$	244,422
Trade accounts receivable	1,066,708		1,023,748		1,160,162	
Allowance for doubtful accounts	(53,678)		(43,508)		(46,344)	
Net trade accounts receivable		1,013,030		980,240		1,113,818
Inventories		879,633		864,019		834,461
Prepaid expenses and other current assets		252,634		282,940		278,230
Total current assets		2,372,211		2,395,056		2,470,931
Property, Plant and Equipment, at Cost		1,624,380		1,547,126		1,575,875
Allowance for depreciation		(830,753)		(786,701)		(795,569)
Property, plant and equipment, net		793,627		760,425		780,306
Other Assets						
Goodwill		1,229,476		1,167,963		1,192,174
Other intangible assets, net of amortization		607,212		579,929		584,272
Deferred income taxes, non-current		17,849		20,621		21,897
Other		218,578		220,677		222,242
Total other assets		2,073,115		1,989,190		2,020,585
Total Assets	$	5,238,953	$	5,144,671	$	5,271,822
Liabilities and Stockholders' Equity						
Current Liabilities						
Accounts payable	$	471,268	$	447,071	$	592,281
Current portion of long-term debt		453,874		253,688		3,501
Accrued compensation and benefits		133,637		138,375		177,106
Accrued losses		22,954		23,566		22,132
Other accrued liabilities		217,660		212,293		211,706
Total current liabilities		1,299,393		1,074,993		1,006,726
Long-Term Liabilities						
Long-term debt, less current maturities		1,918,868		1,883,272		2,170,643
Other long-term liabilities		370,812		506,606		356,892
Deferred income taxes		113,834		70,279		104,023
Total long-term liabilities		2,403,514		2,460,157		2,631,558
Total liabilities		3,702,907		3,535,150		3,638,284
Commitments and contingencies						
Stockholders' Equity						
Preferred stock; none issued						
Common stock (outstanding 133,136; 133,666; 133,647)		1,331		1,337		1,336
Paid-in capital		976,345		968,919		982,067
Treasury stock, at cost		(313,764)		(230,347)		(236,318)
Accumulated other comprehensive (loss)		(501,100)		(434,598)		(459,048)
Retained earnings		1,369,695		1,301,442		1,342,736
Total RPM International Inc. stockholders' equity		1,532,507		1,606,753		1,630,773
Noncontrolling interest		3,539		2,768		2,765
Total equity		1,536,046		1,609,521		1,633,538
Total Liabilities and Stockholders' Equity	$	5,238,953	$	5,144,671	$	5,271,822

Consolidated Statements of Cash Flows

IN THOUSANDS (UNAUDITED)

	Six Months Ended November 30, 2018	2017
Cash Flows From Operating Activities:		
Net income	$ 119,359	$ 212,761
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation	49,589	40,386
Amortization	23,436	23,245
Restructuring charges, net of payments	7,464	
Fair value adjustments to contingent earnout obligations, net	1,558	
Deferred income taxes	(1,400)	(32,276)
Stock-based compensation expense	12,896	14,429
Other non-cash interest expense	1,552	2,843
Realized/unrealized loss (gain) on marketable securities	7,496	(4,897)
Loss on extinguishment of debt	3,051	
Other	2,349	9
Changes in assets and liabilities, net of effect from purchases and sales of businesses:		
Decrease in receivables	92,398	34,136
(Increase) in inventory	(49,020)	(62,923)
(Increase) decrease in prepaid expenses and other current and long-term assets	(942)	3,919
(Decrease) in accounts payable	(117,678)	(95,302)
(Decrease) in accrued compensation and benefits	(41,470)	(45,464)
Increase (decrease) in accrued losses	1,131	(8,490)
Increase in other accrued liabilities	33,422	33,304
Other	3,098	(494)
Cash Provided By Operating Activities	148,289	115,186
Cash Flows From Investing Activities:		
Capital expenditures	(57,775)	(45,295)
Acquisition of businesses, net of cash acquired	(127,848)	(54,647)
Purchase of marketable securities	(13,276)	(96,039)
Proceeds from sales of marketable securities	35,426	58,867
Other	(2,394)	469
Cash (Used For) Investing Activities	(165,867)	(136,645)
Cash Flows From Financing Activities:		
Additions to long-term and short-term debt	447,843	35,036
Reductions of long-term and short-term debt	(247,440)	(1,535)
Cash dividends	(89,196)	(82,878)
Shares of common stock repurchased and shares returned for taxes	(98,458)	(12,125)
Payments of acquisition-related contingent consideration	(3,531)	(3,359)
Other	(391)	(1,464)
Cash Provided By (Used For) Financing Activities	8,827	(66,325)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(8,757)	5,144
Net Change in Cash and Cash Equivalents	(17,508)	(82,640)
Cash and Cash Equivalents at Beginning of Period	244,422	350,497
Cash and Cash Equivalents at End of Period	$ 226,914	$ 267,857

Supplemental Segment Information

IN THOUSANDS (UNAUDITED)

	Three Months Ended November 30, 2018	2017	Six Months Ended November 30, 2018	2017
Net Sales:				
Industrial Segment	$ 717,968	$ 702,905	$ 1,499,941	$ 1,432,673
Consumer Segment	432,576	415,431	917,772	842,575
Specialty Segment	211,987	197,080	404,807	385,562
Total	$ 1,362,531	$ 1,315,416	$ 2,822,520	$ 2,660,810
Income Before Income Taxes:				
Industrial Segment				
Income Before Income Taxes (a)	$ 54,393	$ 67,696	$ 123,450	$ 156,598
Interest (Expense), Net (b)	(2,417)	(2,513)	(4,810)	(5,067)
EBIT (c)	56,810	70,209	128,260	161,665
2020 MAP to Growth related initiatives (d)	11,734		34,050	
Acquisition-related costs (e)	1,823		1,823	
Loss on South Africa business (g)	540		540	
Adjusted EBIT	$ 70,907	$ 70,209	$ 164,673	$ 161,665
Consumer Segment				
Income Before Income Taxes (a)	$ 41,239	$ 45,085	$ 92,535	$ 117,453
Interest (Expense), Net (b)	(107)	(143)	(272)	(339)
EBIT (c)	41,346	45,228	92,807	117,792
2020 MAP to Growth related initiatives (d)	1,570		2,979	
Adjusted EBIT	$ 42,916	$ 45,228	$ 95,786	$ 117,792
Specialty Segment				
Income Before Income Taxes (a)	$ 29,979	$ 34,439	$ 57,780	$ 67,606
Interest Income, Net (b)	94	78	163	198
EBIT (c)	29,885	34,361	57,617	67,408
2020 MAP to Growth related initiatives (d)	3,139		5,949	
Acquisition-related costs (e)	1,108		1,108	
Adjusted EBIT	$ 34,132	$ 34,361	$ 64,674	$ 67,408
Corporate/Other				
(Expense) Before Income Taxes (a)	$ (59,018)	$ (38,039)	$ (115,234)	$ (77,192)
Interest (Expense), Net (b)	(27,730)	(20,079)	(47,214)	(39,769)
EBIT (c)	(31,288)	(17,960)	(68,020)	(37,423)
2020 MAP to Growth related initiatives (d)	6,250		19,546	
Convertible debt extinguishment (f)	3,052		3,052	
Adjusted EBIT	$ (21,986)	$ (17,960)	$ (45,422)	$ (37,423)
Consolidated				
Income Before Income Taxes (a)	$ 66,593	$ 109,181	$ 158,531	$ 264,465
Interest (Expense), Net (b)	(30,160)	(22,657)	(52,133)	(44,977)
EBIT (c)	96,753	131,838	210,664	309,442
2020 MAP to Growth related initiatives (d)	22,693		62,524	
Acquisition-related costs (e)	2,931		2,931	
Convertible debt extinguishment (f)	3,052		3,052	
Loss on South Africa business (g)	540		540	
Adjusted EBIT	$ 125,969	$ 131,838	$ 279,711	$ 309,442

(a) The presentation includes a reconciliation of Income (Loss) Before Income Taxes, a measure defined by Generally Accepted Accounting Principles in the United States (GAAP), to EBIT and Adjusted EBIT.
(b) Interest income (expense), net includes the combination of interest income (expense) and investment income (expense), net.
(c) EBIT is defined as earnings (loss) before interest and taxes, with Adjusted EBIT provided for the purpose of adjusting for items impacting earnings that are not considered by management to be indicative of ongoing operations. We evaluate the profit performance of our segments based on income before income taxes, but also look to EBIT as a performance evaluation measure because interest expense is essentially related to acquisitions, as opposed to segment operations. For that reason, we believe EBIT is also useful to investors as a metric in their investment decisions. EBIT should not be considered an alternative to, or more meaningful than, income before income taxes as determined in accordance with GAAP, since EBIT omits the impact of interest in determining operating performance, which represent items necessary to our continued operations, given our level of indebtedness. Nonetheless, EBIT is a key measure expected by and useful to our fixed income investors, rating agencies and the banking community, all of whom believe, and we concur, that this measure is critical to the capital markets' analysis of our segments' core operating performance. We also evaluate EBIT because it is clear that movements in EBIT impact our ability to attract financing. Our underwriters and bankers consistently require inclusion of this measure in offering memoranda in conjunction with any debt underwriting or bank financing. EBIT may not be indicative of our historical operating results, nor is it meant to be predictive of potential future results.
(d) Reflects restructuring charges, including: headcount reductions; closures of facilities; accelerated vesting of equity awards in connection with key executives, inventory-related charges to true-up prior inventory write-offs at our Consumer Segment during the fiscal 2019 first quarter and inventory write-offs and disposals at our Industrial Segment during the first half of fiscal 2019, all of which have been recorded in cost of goods sold; accelerated depreciation expense related to the shortened useful lives of facilities being prepared for closure; increases in our allowance for doubtful accounts deemed uncollectible as a result of a change in market and leadership strategy; implementation costs associated with our ERP consolidation plan; and professional fees incurred in connection with the negotiation of a cooperation agreement and related fees in connection with hosting an investor conference, all of which have been incurred in relation to our 2020 Margin Acceleration Plan initiatives.
(e) Acquisition costs reflect amounts included in gross profit for inventory disposals and step-ups related to fiscal 2019 acquisitions, and amounts included in SG&A for acquisition-related professional fees during the second quarter of fiscal 2019.
(f) Reflects the net loss on redemption of our convertible notes incurred during the second quarter of fiscal 2019.
(g) Reflects other expense associated with a change in ownership of a business in South Africa, as required by local legislation in order to qualify for doing business in South Africa.

RPM International Inc. (NYSE) owns subsidiaries that are world leaders in coatings, sealants and building materials. It is comprised of three business segments: industrial, specialty and consumer. Among its many products are small project paints, primer-sealers, wood stains, corrosion control coatings, flooring coatings, caulks, sealants, adhesives, fluorescent pigments, roofing systems, concrete admixtures and other construction chemicals. RPM's leading brands include Rust-Oleum, DAP, Varathane, Zinsser, Tremco, Stonhard, Carboline, Day-Glo, Dryvit and Pettit.

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