

RPM International Inc

RPM
NYSE

Schwab Equity Ratings® Report

Report generated on 12/07/2020, 08:10 PM

Powered by Schwab's QORE ANALYTICS®

B Outperform
Data as of 12/04/2020

SCHWAB EQUITY RATING

B Outperform
Percentile Ranking: 15
Data as of 12/04/2020

Last week's rating: **B** Outperform
Percentile Ranking: 18
Data as of 11/27/2020

A	1-10	Strongly Outperform	BUY
B	11-30	Outperform	BUY
C	31-70	Marketperform	HOLD
D	71-90	Underperform	SELL
F	91-100	Strongly Underperform	SELL

Schwab Equity Ratings is a quantitative measure of the equity's prospects for stock price appreciation over the next twelve months in relation to its market peers.

For more details about the quantitative model's design and intent, please review the Schwab Equity Foundations document.

For more information on important disclosures please visit page 4 within this report.

PRICE VOLATILITY OUTLOOK

Medium Average price volatility
Data as of 12/04/2020

Last week's rating: Medium
Data as of 11/27/2020

High	Above average price volatility
Medium	Average price volatility
Low	Below average price volatility
N/A	Volatility score not available

Price Volatility Outlook measures the degree of variance typically demonstrated by the equity in relation to its peers within the same A-F ratings group. The outlook's measurement is based on a six month forecast.

Investment suitability is partially dependent on your portfolio risk tolerance. Positive or negative connotations associated with the price volatility outlook score should mirror your personal risk appetite. For more information, please consult Managing a Portfolio Using Schwab Equity Ratings.

RATIONALE BEHIND OUR **B** RATING ON RPM

For details about inputs to Schwab Equity Rating, see "Schwab Equity Ratings Foundations" in the "Stocks" article library under Market Insight.

▲ IMPROVED VS. PREVIOUS WEEK
▼ DECLINED VS. PREVIOUS WEEK

	THIS WEEK	LAST WEEK	AVERAGE IMPORTANCE
B Growth Grade	▲ Positive	Neutral	Medium
C Quality Grade	Neutral	Neutral	High
A Sentiment Grade	Positive	Positive	High
B Stability Grade	Positive	Positive	Low
C Valuation Grade	Neutral	Neutral	Medium

PRICE & VOLUME HISTORY

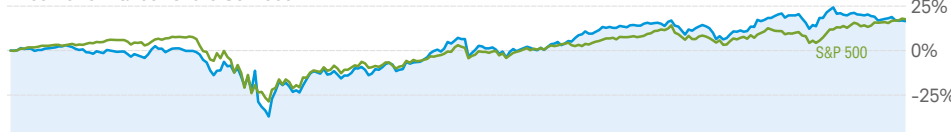
RPM Daily Close Prices


QUARTERLY POSITIVE/NEGATIVE
EARNINGS SURPRISE ANNOUNCEMENT

Data source: Refinitiv



Price Performance vs. the S&P 500



BUSINESS SUMMARY

Source: Reuters

RPM International Inc., through its subsidiaries owns subsidiaries that manufacture and market high-performance coatings, sealants and specialty chemicals, primarily for maintenance and improvement applications. The Company operates across four segme...

For more details, see page 2.

OVERVIEW

Source: Reuters

Price as of 12/4/20	\$87.04
Market Capitalization	\$11.3 Billion
Asset Class	Mid Cap
Beta	1.01

SECTOR/INDUSTRY

Source: S&P Global

Sector	Materials
Industry	Chemicals
Sub-Industry	Specialty Chemicals

Schwab Sector Viewpoint Marketperform

METRICS

Source: Refinitiv

VALUE METRICS	RPM	S&P 500
P/E last 4Q	30.0	35.6
P/E forecast EPS	21.1	41.0
P/Free Cash Flow last 4Q	29.5	24.2
P/Sales last 4Q	2.00	2.71
Price/Book	7.8	14.5
Dividend Yield(%)	1.7	1.8

GROWTH METRICS (%)

1 year sales growth	1.1	-1.0
3 year sales growth	3.6	12.3
1 year EPS growth	30.9	-28.0
3 year EPS growth	19.7	22.4
1-year forecast EPS growth	33.9	23.1
Long term growth rate 3-5 years	12.6	12.6
1 year dividend growth	6.0	9.1
3 year dividend growth	7.3	12.5

MOMENTUM METRICS (%)

4 week stock price change	-5.9	5.4
26 week stock price change	10.7	15.8

FINANCIAL METRICS (%)

Gross margin	38.5	43.8
Net margin	6.7	7.6
Return on assets	6.7	2.8
Return on equity	26.9	11.3
Return on invested capital	8.7	11.2
Long-term debt/capital	.62	.44

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Schwab Equity Ratings® Report

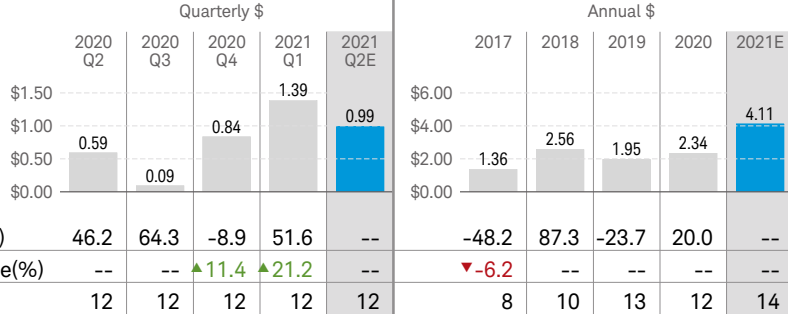
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B Outperform
Data as of 12/04/2020

EARNINGS PER SHARE

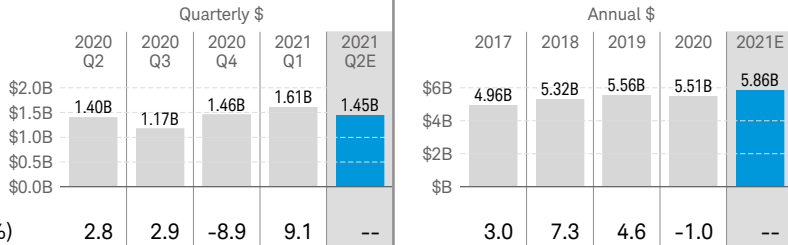
Earnings data source: Refinitiv

Fiscal Year ending
in May


Next earnings announcement is expected in the week of 1/6

REVENUE

Revenue data source: Refinitiv

Fiscal Year ending
in May


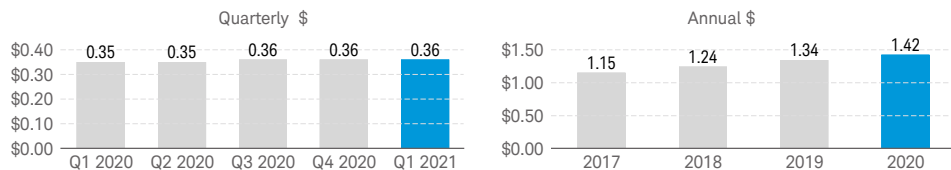
ANNUAL EARNINGS FORECAST

Source: Refinitiv

	MEAN FORECAST	CONSENSUS CHANGE IN LAST 30 DAYS	FORECAST RANGE	NUMBER OF FORECASTS
05/31/2021	\$4.11	\$0.02	\$3.90-\$4.27	14
05/31/2022	\$4.55	\$0.01	\$4.20-\$5.20	14
Next 5 Yr. Growth Rate	12.6%	0.0%	10.0%-15.5%	3

DIVIDENDS

Dividends data source: Refinitiv



Dividends are paid on a Quarterly basis.

OTHER OPINIONS

CFRA RANKING SINCE 07/19/2018

Recommendation

★ ★ ★ ★ ★

Morningstar Rating

RATING NOT AVAILABLE

Credit Suisse Rating RATING SINCE 01/26/2016

RATING NOT AVAILABLE

Argus 12 Month Rating

RATING NOT AVAILABLE

Ned Davis Rating RATING SINCE 08/01/2016

SELL NEUTRAL BUY

Market Edge Second Opinion® RATING SINCE 11/02/2020

AVOID NEUTRAL LONG

Reuters's Average Rating RATING SINCE 12/03/2020

NO OPINION SELL UNDER-PERFORM HOLD OUT-PERFORM BUY

BUSINESS DESCRIPTION

Source: Reuters

RPM International Inc., through its subsidiaries owns subsidiaries that manufacture and market high-performance coatings, sealants and specialty chemicals, primarily for maintenance and improvement applications. The Company operates across four segments: Consumer Group (CG), Construction Products Group (CPG), Performance Coatings Group (PCG) and Specialty Products Group (SPG). The Company has a diverse portfolio with hundreds of brands, including Rust-Oleum, DAP, Zinsser, Varathane, Day-Glo, Legend Brands, Stonhard, Carboline, Tremco and Dryvit.

RPM International Inc

NEWS HEADLINES



1 10/07/20 1:58 pm ET... CFRA Maintains Hold Opinion on Shares of RPM International Inc. (RPM 84.32 ***) : We lift our 12-month target of \$7 to \$94, 24.0x our FY 21 (May) EPS of \$3.93 (raised from \$3.40), a premium to coatings peers' average forward P/E multiple of 22.3x and to RPM's five-year average multiple of 18.8x. We believe this premium is supported by RPM's successful implementation of its MAP to Growth operating improvement plan, which we see driving strong earnings growth in the near term. However, we stay at Hold as we think benefits are mostly priced in to RPM's shares. RPM posts Aug-Q adjusted EPS of \$1.44 vs. \$0.95 in the prior-year quarter, beating consensus by \$0.26. Aug-Q sales were up 9% YoY, driven by Construction Products (34% of sales, +2% YoY) and Consumer (35%, +34%), as do-it-yourself demand remains a bright spot in the economy. This was partly offset by challenges in Specialty Products (11%, -1%) and Performance Coatings (20%, -13%), with the latter impacted by poor energy market conditions. We expect similar trends going forward and for RPM to post YoY growth in sales and EBIT in Nov-Q.. /Richard Wolfe

RPM International Inc

IMPORTANT DISCLOSURES FOR RPM

Regulation Analyst Certification: The views expressed in this research report accurately reflect Schwab's quantitative research model, and no part of Schwab's compensation was, is or will be, directly or indirectly, related to the specific recommendations or views disclosed in the research report.

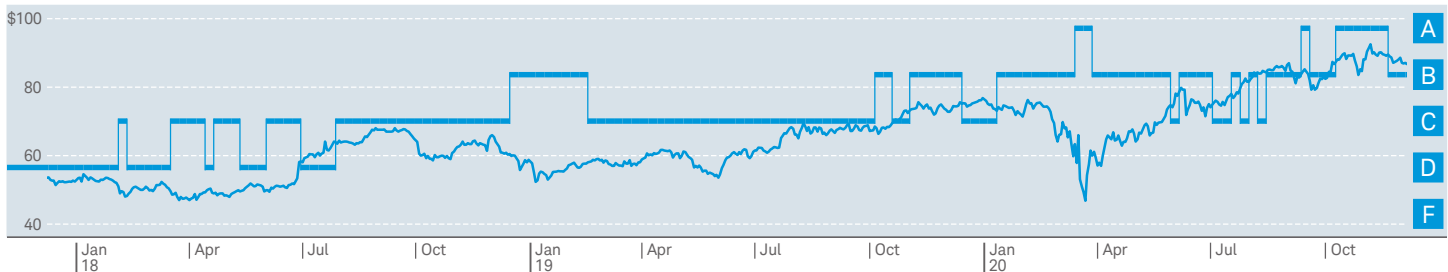
Note the Price Chart in the disclosures of this report which shows the rating and price history over applicable periods for this stock, including if and when coverage was terminated or suspended.

Within the previous 12 months, the percentage of companies that have a Schwab Equity Rating and for which Schwab has provided investment banking services are as follows:

- 5.15% in Buy Category (Schwab Equity Ratings and Schwab Equity Ratings International of A or B)
- 3.96% in Hold Category (Schwab Equity Ratings and Schwab Equity Ratings International of C)
- 1.63% in Sell Category (Schwab Equity Ratings and Schwab Equity Ratings International of D or F)

Price History for RPM

Schwab Equity Rating History for RPM



SCHWAB EQUITY RATINGS MEANING AND DISTRIBUTION

Schwab Equity Ratings are assigned to approximately 3000 U.S.-traded stocks. The Schwab Equity Ratings model universe is generally composed of the combined set of stocks in the Russell Investments' ("Russell") 3000 Index and the Standard & Poor's ("S&P") 500. Additional universe coverage may be incorporated from time to time. The explanation and table below are included to assist you in using Schwab Equity Ratings as one component of your own research to evaluate stocks and investment opportunities.

Schwab rates stocks using a scale of A/B/C/D/F. Schwab's outlook is that "A" rated stocks, on average, will strongly outperform and "F" rated stocks, on average, will strongly underperform the equities market over the next 12 months. Schwab Equity Ratings are based upon a disciplined, systematic approach that evaluates each stock on the basis of a wide variety of investment criteria from five broad categories: Growth, Quality, Sentiment, Stability and Valuation. This approach attempts to gauge investor expectations since stock prices tend to move in the same direction as changes in investor expectations. Stocks with low and potentially improving investor expectations tend to receive the best Schwab Equity Ratings ("A" or "B" ratings), while stocks with high and potentially falling investor expectations tend to receive the worst Schwab Equity Ratings ("D" or "F" ratings). Schwab may update the Schwab Equity Ratings methodology.

Schwab Equity Ratings Distribution

Schwab Equity Rating	Percentile Ranking Distribution	Distribution	12 Month Return Outlook	General Buy/Hold/Sell Guidance*
A	1 - 10	Top 10%	Strongly Outperform	Buy
B	11 - 30	Next 20%	Outperform	Buy
C	31 - 70	Next 40%	Marketperform	Hold
D	71 - 90	Next 20%	Underperform	Sell
F	91 - 100	Bottom 10%	Strongly Underperform	Sell

*The general buy/hold/sell guidance is relative to other rated equities only. Before considering whether to take any action, an investor should consider whether equities generally are performing well in comparison to other asset classes and whether other equities in the same sector or category with the same or better rating may be more appropriate.

Investment Rating Explanation

A (Strongly Outperform): If an investor is looking to add a stock to his or her portfolio, "A" rated stocks may be the best candidates for consideration.

B (Outperform): An investor looking to add a stock to his or her portfolio might also consider a "B" rated stock, though preference should be given to "A" rated stocks.

C (Marketperform): An investor would not usually consider a "C" rated stock for purchase. An investor holding a "C" rated stock in his or her portfolio should consider continuing to hold the stock, and might monitor the stock's ongoing performance and compare the potential benefits of owning a stock with higher ratings.

D (Underperform): An investor holding a "D" rated stock should consider whether it is appropriate to continue to hold that stock in his or her portfolio. An investor would not usually consider a "D" rated stock for purchase.

F (Strongly Underperform): An investor holding an "F" rated stock should consider whether it is appropriate to eliminate that stock from his or her portfolio. An investor would not usually consider an "F" rated stock for purchase.

Percentile Rankings Explanation: Each of the approximately 3,000 stocks rated in the Schwab Equity Ratings U.S. universe is given a composite score that is derived from the research factors used in the Schwab Equity Ratings model. Once the stock's composite score, which includes all research factor scores, is calculated, the universe of rated stocks is divided into percentiles ranging from 1 to 100. The lowest percentile rankings represent the best Schwab Equity Rating Model scores and correspond to the best letter grades. For example, in a universe of 1000 stocks, the top 10 stocks would receive a percentile ranking of 1 and the bottom 10 stocks would receive a percentile ranking of 100. Stocks ranked in percentile groups 1-10 are rated "A" and those in percentile groups 11-30 are rated "B", and so forth.

Model Risks

Schwab Equity Ratings uses quantitative analyses in its modeling method. Any limitations or inaccuracies in its analyses or models could affect model performance and the results investors may achieve. Models that appear to explain prior market data can fail to predict future market events. While the data used in the models has been taken from sources Schwab believes to be reliable; its accuracy, completeness or interpretation cannot be guaranteed. Schwab Equity Ratings may not capture subjective, qualitative influences on return and risk such as changes in management, business and political trends, or legal and regulatory developments. Thus, it is important to conduct additional research prior to making a trading decision.

RPM International Inc

IMPORTANT DISCLOSURES FOR RPM

Descriptions for Non-Rated Stocks

Category	Definition	Description
NR	Not Rated	Schwab has decided not to publish a rating on this stock due to unusual or extraordinary business circumstances related to this company. Although Schwab generally does not monitor C, D, and F rated stocks for unusual or extraordinary business circumstances, from time to time, a rating of NR may appear on a particular stock.
NC	Not Covered	This stock is not currently in the Schwab Equity Ratings universe or is prohibited from coverage for regulatory or other reasons.

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Â¹Markit on Demand used S&P Global's data in making its calculations.