To Our Shareholders

We reported record sales for our fiscal 2017 third quarter, ended February 28, 2017. Our net income and earnings per diluted share were negatively impacted by one-time impairment and restructuring charges of $0.05 per diluted share, along with $0.03 per share for transaction costs and step-up in inventory related to five acquisitions. Performance in the quarter was stronger than GAAP results would indicate. If you adjust out these one-time charges and acquisition costs, we would have achieved double-digit earnings before interest and taxes (EBIT) growth for the quarter. We expect that the restructuring activities, in combination with recent acquisitions, position RPM to generate solid fourth-quarter results and a strong performance in fiscal 2018.

Third-Quarter Results

Our net sales grew 3.4% to $1.0 billion in the fiscal 2017 third quarter from $988.6 million in the fiscal 2016 third quarter. Net income of $11.9 million in the fiscal 2017 third quarter decreased 35.8% from $18.6 million reported a year ago. Third-quarter earnings per share were $0.09, down 35.7% from the $0.14 reported last year. Consolidated EBIT was $37.1 million, down 11.9% from year-ago EBIT of $42.1 million. The impairment and restructuring charges reduced EBIT by $9.1 million in the quarter.

During the current quarter, certain negative trends in our Restore product line led to a loss of market share, resulting in a downward revision to its long-term forecast. This was determined to represent an impairment triggering event and, after additional testing, resulted in a pre-tax impairment charge of $4.9 million. Also during the quarter, an unprofitable operation in Europe was closed, resulting in a pre-tax charge of $4.2 million.

We were pleased with our consolidated sales growth during the third quarter, which is typically slow due to cold winter weather that limits outdoor repair, maintenance and construction activities. On the acquisition front, we completed five transactions during the quarter, which will add approximately $170 million in annualized sales. Costs associated with completing these acquisitions, as well as the associated impact on cost of sales resulting from the step-up in inventory, further reduced EPS by approximately $0.03 per share. All told, we have announced nine acquisitions in the current fiscal year of companies with annualized sales of approximately $220 million.

Third-Quarter Segment Sales and Earnings

During the quarter, we had a nice rebound in organic industrial sales, which we leveraged to the EBIT line. Industrial segment sales increased 5.8% to $521.4 million from $492.7 million in the fiscal 2016 third quarter. Organic sales improved 2.5%, while acquisitions added 4.1%. Foreign currency translation negatively impacted sales by 0.8%. Industrial segment EBIT for the quarter of $14.6 million was up sharply from last year's EBIT of $2.0 million.

Our businesses serving the U.S. commercial construction market again experienced solid organic growth. Most businesses in Europe were up in the low- to mid-single-digit range in local currencies and current-year acquisitions contributed nicely to the segment's overall sales growth.

Third-quarter sales in our specialty segment increased 1.8% to $159.7 million from $156.9 million a year ago. Organic sales decreased 0.6% and acquisitions added 3.8%. Foreign currency translation negatively impacted sales by 1.4%. Specialty segment EBIT declined 30.8% to $14.9 million from $21.5 million in the fiscal 2016 third quarter.

Sales were soft for nearly all of our specialty segment businesses and earnings were negatively impacted by the European facility closure. In this traditionally slow quarter, the segment didn't generate enough top-line momentum to create positive leverage through its fixed operating cost structure.

Sales in our consumer segment increased 0.7% to $341.4 million from $339.0 million in the fiscal 2016 third quarter. Organic sales declined 3.6%, while acquisitions added 5.1%. Foreign currency translation negatively impacted sales by 0.8%. Consumer segment EBIT declined 22.9% to $29.9 million from $38.8 million a year ago.

Excluding our Kirker nail enamel business, the consumer segment produced modest sales growth, primarily driven by acquisitions. The decline in organic sales was driven by the timing of orders from our retail customers during the quarter. Impacting segment earnings for the quarter was the Restore impairment charge, along with acquisition-related expenses and the impact on cost of sales relating to the step-up in inventory. Looking ahead, we are encouraged by housing market activity, retail customer results and the acceptance of recently introduced new products.

Cash Flow and Financial Position

For the first nine months of fiscal 2017, cash from operations was $173.5 million, compared to $223.8 million in the first nine months of fiscal 2016. Capital expenditures during the current nine-month period of $80.1 million compare to $54.8 million over the same time in fiscal 2016. Cash invested in acquisitions totaled $247 million. Total debt at the end of the first nine months of fiscal 2017 was $1.98 billion, compared to $1.74 billion a year ago and $1.64 billion at the end of fiscal 2016. RPM's net (of cash) debt-to-total capitalization ratio was 58.0%, compared to 55.1% at February 29, 2016 and 50.0% at May 31, 2016.

At February 28, 2017, RPM's total liquidity, including cash and long-term committed available credit, was $620.0 million. Building upon this year's strong pace of acquisitions, we continue our search for entrepreneurial acquisition candidates and to invest in our internal growth initiatives. In March 2017, we issued $450 million in bonds to pay down existing balances and free up available borrowings on our revolving credit facility.

Nine-Month Results

Our nine-month net sales grew 2.3% to $3.47 billion from $3.39 billion a year ago. Net income of $53.8 million declined 73.4% from net income of $201.8 million in the year-ago period. Diluted earnings per share declined 72.7% to $0.41

Continued on inside page

Quarterly Report 3

RPM International Inc.

Third-Quarter Report

For Period Ended February 28, 2017

- **Sales increase 3% to third-quarter record level**
- **Diluted EPS of $0.09 compares to $0.14 a year ago**
- **Impairment and restructuring charges reduced diluted EPS by $0.05 per share**
- **Full-year EPS guidance maintained at $1.54 to $1.64 per diluted share**
- **As-adjusted guidance revised to $2.57 to $2.67, due to charges**

The Value of 168®

from $1.50 in the first nine months of fiscal 2016. Consolidated EBIT was $118.2 million, down 65.7% from year-ago EBIT of $344.4 million.

The fiscal 2017 nine-month results included a $188.3 million Kirker impairment charge and a $12.3 million charge related to the decision to exit Flowcrete Middle East, while the fiscal 2016 nine-month results included a $14.5 million reversal of Kirker's final earnout accrual into income. Excluding these items, earnings per diluted share increased from $1.43 per share to $1.44 per share, while consolidated EBIT was $318.8 million, down 3.4% from year-ago EBIT of $329.9 million.

Nine-Month Segment Sales and Earnings

Sales for our industrial segment increased 2.1%, to $1.83 billion from $1.79 billion in the fiscal 2016 first nine months. Organic sales increased 1.9%, while acquisitions added 2.3%. Foreign currency translation negatively impacted sales by 2.1%. Industrial segment EBIT of $158.0 million was up 2.9% from EBIT of $153.5 million in the first nine months of fiscal 2016. Excluding the current-year Flowcrete Middle East charge, EBIT was $170.2 million, up 10.9% from year-ago EBIT of $153.5 million.

Specialty segment sales increased 3.8% to $519.6 million from $500.4 million in the first nine months a year ago. Organic sales increased 2.5% and acquisitions added 3.0%. Foreign currency translation negatively impacted sales by 1.7%. Specialty segment EBIT improved 0.5% to $76.3 million from $75.8 million in the same period a year ago.

In the consumer segment, nine-month sales were up 2.0% to $1.12 billion from $1.09 billion in the first nine months of fiscal 2016. Organic sales improved 1.4%, while acquisitions added 2.1%. Foreign currency negatively impacted sales by 1.5%. Consumer segment EBIT was a negative $40.6 million compared to EBIT of $170.2 million in the first nine months a year ago. Excluding the current-year Kirker impairment charge and the prior year's Kirker earnout reversal, EBIT was $147.7 million, down 5.1% from year-ago EBIT of $155.7 million.

Dividend

Our board of directors declared a regular quarterly cash dividend payment of $0.30 per share, payable on April 28, 2017, to shareholders of record as of April 14, 2017. The dividend, which we have increased for 43 consecutive years, and an appreciating stock price allow us to deliver returns that have outperformed the S&P 500 Index over the past decade and make RPM a compelling investment.

Ratner Retires from Board

On January 24, Charles Ratner retired from our board of directors after nearly 12 years of service. He had served on the compensation committee. Chuck honed his business acumen during a 50-year career with Forest City Enterprises (now Forest City Realty Trust), where he most recently served as chairman. He retired from Forest City in December. During his tenure with RPM, sales nearly doubled from $2.6 billion to more than $5 billion, and the annual dividend paid to our shareholders increased from $0.60 to $1.20 per share. His contributions played a significant role in this impressive performance. Personally, I will always be grateful to Chuck for the wise counsel he provided me, particularly concerning difficult decisions and significant challenges. On behalf of all of RPM, I wish him well in retirement.

Business Outlook

Recent expense-reduction initiatives and the additional $220 million in annual revenue, provided by the nine acquisitions we completed this fiscal year, have RPM well positioned for solid performance in the fourth quarter and into fiscal 2018.

In our industrial segment, we expect mid-single-digit sales growth during the fourth quarter. This is predicated on continued strength in our businesses serving U.S. commercial construction markets and steady progress in Europe. Also, contributing to growth will be approximately $80 million in annualized sales from six industrial acquisitions completed this fiscal year.

The specialty segment is expected to grow in the low- to mid-single-digit range during the fourth quarter, driven by a balance between organic and acquisition growth.

Our consumer segment's fourth-quarter sales should increase in the mid-single-digit range. Third-quarter acquisitions in the segment will help balance out underperformance at our Kirker business, which remains challenged.

As-reported EPS guidance for the full 2017 fiscal year is anticipated to be between $1.54 and $1.64. In January, we provided full-year as-adjusted EPS guidance of $2.62 to $2.72. Our as-adjusted EPS guidance has been reduced by $0.05 per share to $2.57 to $2.67 for the combined third-quarter charges.

In closing, I would like to express my gratitude to our 13,000 associates worldwide for competing and winning in the markets they serve and to thank you for your continued investment and confidence in RPM.

Sincerely yours,

Frank C. Sullivan
Chairman and Chief Executive Officer

April 21, 2017

The Value of 168®

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.

Consolidated Statements of Income

IN THOUSANDS, EXCEPT PER SHARE DATA (UNAUDITED)

	Three Months Ended		Nine Months Ended	
	February 28, 2017	February 29, 2016	February 28, 2017	February 29, 2016
Net Sales	$ 1,022,496	$ 988,555	$ 3,465,329	$ 3,387,065
Cost of sales	593,923	575,593	1,963,033	1,947,211
Gross profit	428,573	412,962	1,502,296	1,439,854
Selling, general & administrative expenses	386,032	370,913	1,189,611	1,096,361
Goodwill and other intangible asset impairments	4,900		193,198	
Interest expense	23,769	23,140	69,452	68,078
Investment (income), net	(3,627)	(2,909)	(9,881)	(8,077)
Other expense (income), net	502	(88)	1,301	(876)
Income before income taxes	16,997	21,906	58,615	284,368
Provision for income taxes	4,313	2,613	2,793	80,564
Net income	12,684	19,293	55,822	203,804
Less: Net income attributable to noncontrolling interests	756	711	2,051	1,974
Net income attributable to RPM International Inc. Stockholders	$ 11,928	$ 18,582	$ 53,771	$ 201,830
Earnings per share of common stock attributable to RPM International Inc. Stockholders:				
Basic	$ 0.09	$ 0.14	$ 0.41	$ 1.53
Diluted	$ 0.09	$ 0.14	$ 0.41	$ 1.50
Average shares of common stock outstanding - basic	130,677	129,068	130,657	129,506
Average shares of common stock outstanding - diluted	130,677	129,068	130,657	136,848

Supplemental Information

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

	Three Months Ended		Nine Months Ended	
Reconciliation of Reported Earnings per Diluted Share to Adjusted Earnings per Diluted Share:	February 28, 2017	February 29, 2016	February 28, 2017	February 29, 2016
Reported Earnings per Diluted Share	$ 0.09	$ 0.14	$ 0.41	$ 1.50
Charge to exit Flowcrete Middle East (e)			0.09	
Goodwill and intangible impairments (f)			0.94	
Reversal of Kirker earnout (g)				(0.07)
Adjusted Earnings per Diluted Share	$ 0.09	$ 0.14	$ 1.44	$ 1.43

(e) Charges related to Flowcrete decision to exit the Middle East.

(f) Reflects the impact of goodwill and other intangible asset impairment charge of $188.3 million related to our Kirker reporting unit.

(g) Reflects the reversal of contingent obligations for earnout targets that were not met at our Kirker reporting unit.

Consolidated Balance Sheets

IN THOUSANDS (UNAUDITED)

	February 28, 2017		February 29, 2016		May 31, 2016	
Assets						
Current Assets						
Cash and cash equivalents		$ 210,796		$ 220,712		$ 265,152
Trade accounts receivable	829,632		769,003		987,692	
Allowance for doubtful accounts	(41,357)		(22,450)		(24,600)	
Net trade accounts receivable		788,275		746,553		963,092
Inventories		856,461		739,716		685,818
Deferred income taxes		-		29,042		-
Prepaid expenses and other current assets		224,347		191,291		221,286
Total current assets		2,079,879		1,927,314		2,135,348
Property, Plant and Equipment, at Cost		1,433,413		1,278,553		1,344,830
Allowance for depreciation		(731,279)		(698,902)		(715,377)
Property, plant and equipment, net		702,134		579,651		629,453
Other Assets						
Goodwill		1,133,013		1,182,293		1,219,630
Other intangible assets, net of amortization		579,237		566,977		575,401
Deferred income taxes, non-current		25,872		2,237		19,771
Other		212,084		177,778		185,366
Total other assets		1,950,206		1,929,285		2,000,168
Total Assets		$ 4,732,219		$ 4,436,250		$ 4,764,969
Liabilities and Stockholders' Equity						
Current Liabilities						
Accounts payable		$ 417,730		$ 367,038		$ 500,506
Current portion of long-term debt		383,980		3,405		4,713
Accrued compensation and benefits		133,588		129,105		183,768
Accrued losses		37,123		27,581		35,290
Other accrued liabilities		258,102		255,274		277,914
Total current liabilities		1,230,523		782,403		1,002,191
Long-Term Liabilities						
Long-term debt, less current maturities		1,597,553		1,737,984		1,635,260
Other long-term liabilities		569,859		609,952		702,979
Deferred income taxes		48,557		65,391		49,791
Total long-term liabilities		2,215,969		2,413,327		2,388,030
Total liabilities		3,446,492		3,195,730		3,390,221
Commitments and contingencies						
Stockholders' Equity						
Preferred stock; none issued						
Common stock (outstanding 133,583; 132,846; 132,944)		1,336		1,328		1,329
Paid-in capital		946,955		895,131		921,956
Treasury stock, at cost		(216,366)		(191,693)		(196,274)
Accumulated other comprehensive (loss)		(533,165)		(497,754)		(502,047)
Retained earnings		1,084,462		1,031,020		1,147,371
Total RPM International Inc. stockholders' equity		1,283,222		1,238,032		1,372,335
Noncontrolling interest		2,505		2,488		2,413
Total equity		1,285,727		1,240,520		1,374,748
Total Liabilities and Stockholders' Equity		$ 4,732,219		$ 4,436,250		$ 4,764,969

Consolidated Statements of Cash Flows

IN THOUSANDS (UNAUDITED)

	Nine Months Ended	
Cash Flows From Operating Activities:	February 28, 2017	February 29, 2016
Net income	$ 55,822	$ 203,804
Adjustments to reconcile net income to net cash provided by (used for) operating activities:		
Depreciation	53,343	49,980
Amortization	33,497	33,151
Goodwill and other intangible asset impairments	193,198	
Reversal of contingent consideration obligations		(14,500)
Deferred income taxes	(26,996)	(18,556)
Stock-based compensation expense	25,005	23,000
Other non-cash interest expense	7,149	7,305
Realized (gain) on sales of marketable securities	(5,338)	(5,438)
Other	136	1,994
Changes in assets and liabilities, net of effect from purchases and sales of businesses:		
Decrease in receivables	190,423	179,003
(Increase) in inventory	(143,409)	(81,837)
(Increase) in prepaid expenses and other current and long-term assets	(26,698)	(13,347)
(Decrease) in accounts payable	(95,727)	(133,841)
(Decrease) in accrued compensation and benefits	(50,425)	(35,202)
Increase in accrued losses	2,247	5,948
(Decrease) increase in other accrued liabilities	(35,135)	4,696
Other	(3,613)	17,659
Cash Provided By Operating Activities	173,479	223,819
Cash Flows From Investing Activities:		
Capital expenditures	(80,110)	(54,819)
Acquisition of businesses, net of cash acquired	(246,874)	(28,926)
Purchase of marketable securities	(36,418)	(21,981)
Proceeds from sales of marketable securities	36,696	18,722
Other	1,493	7,430
Cash (Used For) Investing Activities	(325,213)	(79,574)
Cash Flows From Financing Activities:		
Additions to long-term and short-term debt	422,521	116,578
Reductions of long-term and short-term debt	(78,654)	(19,419)
Cash dividends	(116,680)	(107,806)
Shares of common stock repurchased and returned for taxes	(20,092)	(66,765)
Payments of acquisition-related contingent consideration	(4,206)	(2,006)
Payments for 524(g) trust	(102,500)	
Other	(2,009)	(1,239)
Cash Provided By (Used For) Financing Activities	98,380	(80,657)
Effect of Exchange Rate Changes on Cash and Cash Equivalents	(1,002)	(17,587)
Net Change in Cash and Cash Equivalents	(54,356)	46,001
Cash and Cash Equivalents at Beginning of Period	265,152	174,711
Cash and Cash Equivalents at End of Period	$ 210,796	$ 220,712

Supplemental Segment Information

IN THOUSANDS (UNAUDITED)

	Three Months Ended		Nine Months Ended	
	February 28, 2017	February 29, 2016	February 28, 2017	February 29, 2016
Net Sales:				
Industrial Segment	$ 521,403	$ 492,662	$ 1,830,672	$ 1,793,075
Specialty Segment	159,659	156,909	519,562	500,395
Consumer Segment	341,434	338,984	1,115,095	1,093,595
Total	$ 1,022,496	$ 988,555	$ 3,465,329	$ 3,387,065
Income Before Income Taxes (a):				
Industrial Segment				
Income Before Income Taxes (b)	$ 11,705	$ 486	$ 151,262	$ 148,962
Interest (Expense), Net (c)	(2,929)	(1,468)	(6,672)	(4,549)
EBIT (d)	14,634	1,954	157,934	153,511
Charge to exit Flowcrete Middle East (e)			12,275	
Adjusted EBIT	$ 14,634	$ 1,954	$ 170,209	$ 153,511
Specialty Segment				
Income Before Income Taxes (b)	$ 15,000	$ 21,729	$ 76,664	$ 76,496
Interest Income, Net (c)	116	208	406	650
EBIT (d)	$ 14,884	$ 21,521	$ 76,258	$ 75,846
Consumer Segment				
(Loss) Income Before Income Taxes (b)	$ 29,802	$ 38,785	$ (40,685)	$ 170,337
Interest (Expense) Income, Net (c)	(92)	16	(114)	116
EBIT (d)	29,894	38,769	(40,571)	170,221
Goodwill and intangible impairments (f)			188,298	
Reversal of Kirker earnout (g)				(14,500)
Adjusted EBIT	$ 29,894	$ 38,769	$ 147,727	$ 155,721
Corporate/Other				
(Expense) Before Income Taxes (b)	$ (39,510)	$ (39,094)	$ (128,626)	$ (111,427)
Interest (Expense), Net (c)	(17,237)	(18,987)	(53,191)	(56,218)
EBIT (d)	$ (22,273)	$ (20,107)	$ (75,435)	$ (55,209)
Consolidated				
Income Before Income Taxes (b)	$ 16,997	$ 21,906	$ 58,615	$ 284,368
Interest (Expense), Net (c)	(20,142)	(20,231)	(59,571)	(60,001)
EBIT (d)	37,139	42,137	118,186	344,369
Charge to exit Flowcrete Middle East (e)			12,275	
Goodwill and intangible impairments (f)			188,298	
Reversal of Kirker earnout (g)				(14,500)
Adjusted EBIT	$ 37,139	$ 42,137	$ 318,759	$ 329,869

(a) Prior period information has been recast to reflect the current period change in reportable segments.
(b) 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.
(c) Interest income (expense), net includes the combination of interest income (expense) and investment income (expense), net.
(d) EBIT is defined as earnings (loss) before interest and taxes. 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.
(e) Charges related to Flowcrete decision to exit the Middle East.
(f) Reflects the impact of goodwill and other intangible asset impairment charges of $188.3 million related to our Kirker reporting unit.
(g) Reflects the reversal of contingent obligations for earnout targets that were not met at our Kirker reporting unit.

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.

Download the
RPM App

For up-to-date investment information on RPM, download the RPM app for Apple and Android devices. Scan this QR code or visit your app market.

RPM International Inc.
P.O. Box 777, Medina, Ohio 44258
330-273-5090 • 800-776-4488
FAX 330-225-8743
www.rpminc.com
www.twitter.com/RPMintl
E-mail: info@rpminc.com

Cautionary statement for purposes of the Safe Harbor provisions of The Private Securities Litigation Reform Act of 1995: Statements in this quarterly report that are not strictly historical may be forward-looking statements, which involve risks and uncertainties. Risk factors include general economic and industry conditions, effects of leverage, legal and environmental matters, technological developments, product pricing, raw material cost changes, and international operations, among others, which are set forth in the company's SEC filings.