

First Quarter 2021 Conference Call Investor Presentation

St. Paul, MN
March 25, 2021



H.B. Fuller

Connecting what matters.™



Safe Harbor & Regulation G

Safe Harbor Statement

Certain matters discussed today may be considered forward-looking statements within the meaning of the federal securities laws, including Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Such statements reflect our current expectations, and actual results may differ as they are subject to the kinds of risks that are enumerated in the Company's Securities and Exchange Commission (SEC) filings. The Company disclaims any obligation to subsequently revise any forward-looking statements to reflect actual events or circumstances after the date of such statements.

Regulation G

The information presented in this presentation regarding adjusted gross profit and margin, adjusted selling, general and administrative expense, adjusted income before income taxes and income from equity investments, adjusted income taxes, adjusted effective tax rate, adjusted net income, adjusted diluted earnings per share and adjusted earnings before interest, taxes, depreciation, and amortization (EBITDA) does not conform to generally accepted accounting principles (GAAP) and should not be construed as an alternative to the reported results determined in accordance with GAAP. Management has included this non-GAAP information to assist in understanding the operating performance of the company and its operating segments as well as the comparability of results to the results of other companies. The non-GAAP information provided may not be consistent with the methodologies used by other companies. All non-GAAP information is reconciled with reported GAAP results in the "Regulation G Reconciliation" tables except for our forward-looking non-GAAP measures contained in our fiscal 2021 Planning Assumptions, which the company cannot reconcile to forward-looking GAAP results without unreasonable effort.

Additional Information

Please refer to our annual report on Form 10-K, filed with the SEC, and available on our website at www.investors.hbfuller.com.



Q1 2021 Quarterly Results

Highlights

- Significant year-over-year sales and earnings growth
 - Organic revenues up 10.5%
 - Adjusted EBITDA up 30%
 - Adjusted EPS nearly doubled year-over-year
 - Strong comparisons against pre-COVID business results in Q1'20
- Leveraged strong Q4'20 momentum for strong start to 2021
- Capitalizing on share gains as global production and end markets improve
- Organic growth in all three geographic regions (Americas, EIMEA and Asia Pacific)
- Positive incremental margins
 - EBITDA margin up 190 bps year-over-year
 - Volume and mix leverage
 - Reduced expenses
 - Business realignment efficiencies



Q1 2021 Global Segment Summary

Hygiene, Health and Consumables Adhesives (HHC)

- 7.6% organic growth YoY – broad strength across regions and products
- Strong performance in Packaging, Tissue & Towel, Tape & Labels, Hygiene, in particular
- EBITDA margin up 180 bps YoY on volume, business realignment savings & expense management

Construction Adhesives (CA)

- Winter Storm Uri, extreme weather and material supply issues broadly impacted construction activity
- Revenue and EBITDA down versus last year on lower volumes
- Demand is solid and performance expected to improve over remainder of the year

Engineering Adhesives (EA)

- 21% organic growth YoY – double-digit growth in most EA markets
- Very Strong performance in Electronics and New Energy
- EBITDA margin up 300 bps YoY driven by volume leverage



Q1 2021 Key Financial Results Summary

- Strong year-over-year performance in all key financial metrics
- Higher Gross and EBITDA margins year over year
 - Strong volume leverage
 - Raw material costs and pricing relatively neutral on a year-over-year basis
 - Volume and restructuring benefits offset increased variable compensation versus last year
- Strong cash flow and debt reduction
 - Operating Cash Flow up 4% year over year
 - Strong income offset higher working capital requirements to support sales growth
 - \$16 million of debt reduction increased versus Q1'20; on track for \$200M annual paydown
- Capital investments aligned with annual target



FY 2021 Planning Assumptions

- COVID-related impacts will remain but continue to decrease with vaccine rollout
- High single-digit to low double-digit revenue growth
- EBITDA in the range of \$455 to \$475 million
 - Supported by share gains, improving global industrial production and efficiencies from business realignment and operational improvement projects
 - Price adjustments/reformulations offset expected raw material increases
- Core tax rate excluding discrete items of 26% to 29%
- Full year interest expense of approx. \$70M and capital investment of \$95M
- Anticipate strong cash flow performance to deliver \$200M full year debt reduction



2021 Priorities

- ✓ **Volume growth** as we support our customers' success in the current, high-demand and supply-constrained environment
- ✓ **Strategically manage pricing** aligned to the value we deliver in this inflationary environment
- ✓ **Release productive capacity** through our operational excellence programs to help fuel our growth
- ✓ Deliver **\$200 million** of additional debt reduction



Wrap Up

- Strong performance in Q4'20 and Q1'21 outperformed “non-COVID” results
- Growing by delivering sustainable innovation and high value solutions
- Our agility, collaboration and flexibility enable us to excel in a changing world
- “First and Fastest” among adhesive companies at addressing challenges
- Focus on share capture & managing inflation risks during economic recovery
- Delivering strong value through our rising leadership in global adhesives





H.B. Fuller



APPENDIX



Regulation G – EPS & EBITDA Reconciliation

| | 13 Weeks Ended | |
|---|--------------------------|--------------------------|
| | February 27, 2021 | February 29, 2020 |
| Net income attributable to H.B. Fuller | \$ 29,791 | \$ 9,895 |
| Adjustments: | | |
| Acquisition project costs | 53 | 268 |
| Organizational realignment | 2,622 | 3,604 |
| Royal restructuring and integration | 924 | 3,750 |
| Tax reform | - | (44) |
| Project One | 1,590 | 1,727 |
| Other | 75 | (1,410) |
| Adjusted net income attributable to H.B. Fuller ¹ | <u>35,055</u> | <u>17,790</u> |
| Add: | | |
| Interest expense | 20,392 | 22,761 |
| Interest income | (2,659) | (2,918) |
| Income taxes | 12,583 | 5,592 |
| Depreciation and Amortization expense ² | <u>35,502</u> | <u>34,552</u> |
| Adjusted EBITDA ¹ | 100,873 | 77,777 |
| Diluted Shares | 53,339 | 52,580 |
| Adjusted diluted income per common share attributable to H.B. Fuller ¹ | <u>\$ 0.66</u> | <u>\$ 0.34</u> |
| Revenue | \$ 725,904 | \$ 646,564 |
| Adjusted EBITDA margin ¹ | 13.9% | 12.0% |

¹ Adjusted net income attributable to H.B. Fuller, adjusted diluted income per common share attributable to H.B. Fuller, adjusted EBITDA and adjusted EBITDA margin are non-GAAP financial measures. Adjusted net income attributable to H.B. Fuller is defined as net income before the specific adjustments shown above. Adjusted diluted income per common share is defined as adjusted net income attributable to H.B. Fuller divided by the number of diluted common shares. Adjusted EBITDA is defined as net income before interest, income taxes, depreciation, amortization and the specific adjustments shown above. Adjusted EBITDA margin is defined as adjusted EBITDA divided by net revenue. The table above provides a reconciliation of adjusted net income attributable to H.B. Fuller, adjusted diluted income per common share attributable to H.B. Fuller, adjusted EBITDA and adjusted EBITDA margin to net income attributable to H.B. Fuller, the most directly comparable financial measure determined and reported in accordance with U.S. GAAP.

² Depreciation and amortization expense added back for EBITDA is adjusted for amounts already included in Adjusted net income attributable to H.B. Fuller totaling (\$227) and (\$33) for the three months ended February 27, 2021 and February 29, 2020, respectively.



Regulation G – Q1 Segment Information

| | 13 Weeks Ended | |
|--|-------------------|-------------------|
| | February 27, 2021 | February 29, 2020 |
| Net Revenue: | | |
| Hygiene, Health and Consumable Adhesives | \$ 335,669 | \$ 312,512 |
| Engineering Adhesives | 312,663 | 248,895 |
| Construction Adhesives | 77,572 | 85,157 |
| Corporate unallocated | - | - |
| Total H.B. Fuller | <u>\$ 725,904</u> | <u>\$ 646,564</u> |
| Segment Operating Income: | | |
| Hygiene, Health and Consumable Adhesives | \$ 29,912 | \$ 22,664 |
| Engineering Adhesives | 30,417 | 15,365 |
| Construction Adhesives | (4,703) | (1,373) |
| Corporate unallocated | (7,276) | (7,903) |
| Total H.B. Fuller | <u>\$ 48,350</u> | <u>\$ 28,753</u> |
| Adjusted EBITDA ¹ | | |
| Hygiene, Health and Consumable Adhesives | \$ 44,606 | \$ 35,896 |
| Engineering Adhesives | 48,168 | 30,916 |
| Construction Adhesives | 6,286 | 8,873 |
| Corporate unallocated | 1,813 | 2,092 |
| Total H.B. Fuller | <u>\$ 100,873</u> | <u>\$ 77,777</u> |
| Adjusted EBITDA Margin ¹ | | |
| Hygiene, Health and Consumable Adhesives | 13.3% | 11.5% |
| Engineering Adhesives | 15.4% | 12.4% |
| Construction Adhesives | 8.1% | 10.4% |
| Corporate unallocated | NMP | NMP |
| Total H.B. Fuller | <u>13.9%</u> | <u>12.0%</u> |
| NMP = non-meaningful percentage | | |



Regulation G – Adjusted Income Reconciliation

| | 13 Weeks Ended | |
|--|--------------------------|--------------------------|
| | February 27, 2021 | February 29, 2020 |
| Income before income taxes and income from equity method investments | \$ 38,517 | \$ 13,883 |
| Adjustments: | | |
| Acquisition project costs | 73 | 213 |
| Organizational realignment | 3,635 | 2,865 |
| Royal restructuring and integration | 1,282 | 2,986 |
| Tax reform | - | (35) |
| Project One | 2,205 | 1,375 |
| Other | 45 | 473 |
| Adjusted income before income taxes and income from equity method investments ³ | <u>\$ 45,757</u> | <u>\$ 21,760</u> |

³ Adjusted income before income taxes and income from equity investments is a non-GAAP financial measure. Adjusted income before income taxes and income from equity investments is defined as income before income taxes and income from equity investments before the specific adjustments shown above. The table above provides a reconciliation of adjusted income before income taxes and income from equity investments to income before income taxes and income from equity investments, the most directly comparable financial measure determined and reported in accordance with U.S. GAAP.



Regulation G – Adjusted Income Tax Reconciliation

| | 13 Weeks Ended | |
|---|--------------------------|--------------------------|
| | February 27, 2021 | February 29, 2020 |
| Income Taxes | \$ (10,607) | \$ (5,611) |
| Adjustments: | | |
| Acquisition project costs | (20) | 55 |
| Organizational realignment | (1,013) | 739 |
| Royal restructuring and integration | (357) | 765 |
| Tax reform | - | (9) |
| Project One | (615) | 352 |
| Other | 29 | (1,883) |
| Adjusted income taxes ⁴ | <u>\$ (12,583)</u> | <u>\$ (5,592)</u> |
| Adjusted income before income taxes and income from equity method investments | \$ 45,757 | \$ 21,760 |
| Adjusted effective income tax rate ⁴ | 27.5% | 25.7% |

⁴ Adjusted income taxes and adjusted effective income tax rate are non-GAAP financial measures. Adjusted income taxes is defined as income taxes before the specific adjustments shown above. Adjusted effective income tax rate is defined as income taxes divided by adjusted income before income taxes and income from equity method investments. The table above provides a reconciliation of adjusted income taxes and adjusted effective income tax rate to income taxes, the most directly comparable financial measure determined and reported in accordance with U.S. GAAP.



Regulation G – Adjusted Gross Margin Reconciliation

| | 13 Weeks Ended | |
|---|-------------------|-------------------|
| | February 27, 2021 | February 29, 2020 |
| Net revenue | \$ 725,904 | \$ 646,564 |
| Gross profit | \$ 192,364 | \$ 170,262 |
| Gross profit margin | 26.5% | 26.3% |
| Adjustments: | | |
| Organizational realignment | 249 | 81 |
| Royal restructuring and integration | 740 | 900 |
| Other | 725 | - |
| Other | 9 | 10 |
| Adjusted gross profit ⁵ | <u>\$ 194,087</u> | <u>\$ 171,253</u> |
| Adjusted gross profit margin ⁵ | 26.7% | 26.5% |

⁵ Adjusted gross profit and adjusted gross profit margin are non-GAAP financial measures. Adjusted gross profit and adjusted gross profit margin is defined as gross profit and gross profit margin excluding the specific adjustments shown above. The table above provides a reconciliation of adjusted gross profit and gross profit margin to gross profit and gross profit margin, the most directly comparable financial measure determined and reported in accordance with U.S. GAAP.



Regulation G – Adjusted SG&A Reconciliation

| | 13 Weeks Ended | |
|--|--------------------------|--------------------------|
| | February 27, 2021 | February 29, 2020 |
| Selling, general and administrative expenses | \$ (144,014) | \$ (141,509) |
| Adjustments: | | |
| Acquisition project costs | 73 | 213 |
| Organizational realignment | 3,387 | 2,784 |
| Royal restructuring and integration | 572 | 2,111 |
| Tax reform | - | (35) |
| Project ONE | 1,480 | 1,375 |
| Other | 37 | 462 |
| Adjusted selling, general and administrative expenses ⁶ | <u>\$ (138,465)</u> | <u>\$ (134,599)</u> |

⁶ Adjusted selling, general and administrative expenses is a non-GAAP financial measure. Adjusted selling, general and administrative expenses is defined as selling, general and administrative expenses excluding the specific adjustments shown above. The table above provides a reconciliation of adjusted selling, general and administrative expenses to selling, general and administrative expenses, the most directly comparable financial measure determined and reported in accordance with U.S. GAAP.



Regulation G – Q1'21 Segment EBITDA Reconciliation

| 13 Weeks Ended: February 27, 2021 | Hygiene, Health and Consumable Adhesives | Engineering Adhesives | Construction Adhesives | Total | Corporate Unallocated | H.B. Fuller Consolidated |
|--|--|--------------------------|---------------------------|------------|--------------------------|-----------------------------|
| Net income attributable to H.B. Fuller | \$ 33,170 | \$ 32,916 | \$ (2,528) | \$ 63,558 | \$ (33,767) | \$ 29,791 |
| Adjustments: | | | | | | |
| Acquisition project costs | - | - | - | - | 53 | 53 |
| Organizational realignment | - | - | - | - | 2,622 | 2,622 |
| Royal Restructuring | - | - | - | - | 924 | 924 |
| Project One | - | - | - | - | 1,590 | 1,590 |
| Other | - | - | - | - | 75 | 75 |
| Adjusted net income attributable to H.B. Fuller ¹ | 33,170 | 32,916 | (2,528) | 63,558 | (28,503) | 35,055 |
| Add: | | | | | | |
| Interest expense | - | - | - | - | 20,392 | 20,392 |
| Interest income | - | - | - | - | (2,659) | (2,659) |
| Income taxes | - | - | - | - | 12,583 | 12,583 |
| Depreciation and amortization expense | 11,436 | 15,252 | 8,813 | 35,502 | - | 35,502 |
| Adjusted EBITDA ¹ | \$ 44,606 | \$ 48,168 | \$ 6,286 | \$ 99,060 | \$ 1,813 | \$ 100,873 |
| Revenue | \$ 335,669 | \$ 312,663 | \$ 77,572 | \$ 725,904 | - | \$ 725,904 |
| Adjusted EBITDA Margin ¹ | 13.3% | 15.4% | 8.1% | 13.6% | NMP | 13.9% |

Note: Adjusted EBITDA is a non-GAAP financial measure. The table above provides a reconciliation of adjusted EBITDA for each segment to net income attributable to H.B. Fuller for each segment, the most directly comparable financial measure determined and reported in accordance with U.S. GAAP.

NMP = Non-meaningful percentage



Regulation G – Q1'20 Segment EBITDA Reconciliation

| 13 Weeks Ended: February 29, 2020 | Hygiene, Health and Consumable Adhesives | Engineering Adhesives | Construction Adhesives | Total | Corporate Unallocated | H.B. Fuller Consolidated |
|--|--|--------------------------|---------------------------|------------|--------------------------|-----------------------------|
| Net income attributable to H.B. Fuller | \$ 24,487 | \$ 16,835 | \$ (189) | \$ 41,133 | \$ (31,238) | \$ 9,895 |
| Adjustments: | | | | | | |
| Acquisition project costs | - | - | - | - | 268 | 268 |
| Organizational realignment | - | - | - | - | 3,604 | 3,604 |
| Royal Restructuring | - | - | - | - | 3,750 | 3,750 |
| Tax reform | - | - | - | - | (44) | (44) |
| Project One | - | - | - | - | 1,727 | 1,727 |
| Other | - | - | - | - | (1,410) | (1,410) |
| Adjusted net income attributable to H.B. Fuller ¹ | 24,487 | 16,835 | (189) | 41,133 | (23,343) | 17,790 |
| Add: | | | | | | |
| Interest expense | - | - | - | - | 22,761 | 22,761 |
| Interest income | - | - | - | - | (2,918) | (2,918) |
| Income taxes | - | - | - | - | 5,592 | 5,592 |
| Depreciation and amortization expense | 11,409 | 14,081 | 9,062 | 34,552 | - | 34,552 |
| Adjusted EBITDA ¹ | \$ 35,896 | \$ 30,916 | \$ 8,873 | \$ 75,685 | \$ 2,092 | \$ 77,777 |
| Revenue | \$ 312,512 | \$ 248,895 | \$ 85,157 | \$ 646,564 | - | \$ 646,564 |
| Adjusted EBITDA Margin ¹ | 11.5% | 12.4% | 10.4% | 11.7% | NMP | 12.0% |

Note: Adjusted EBITDA is a non-GAAP financial measure. The table above provides a reconciliation of adjusted EBITDA for each segment to net income attributable to H.B. Fuller for each segment, the most directly comparable financial measure determined and reported in accordance with U.S. GAAP.

NMP = Non-meaningful percentage



Revenue Performance Components

| | 13 Weeks Ended February 27, 2021 |
|---|---|
| Price | 0.0% |
| Volume | 10.5% |
| Organic Growth (Decline) | 10.5% |
| M&A | 0.0% |
| F/X | 1.8% |
| Total H.B. Fuller Net Revenue Growth (Decline) | 12.3% |

| | 13 Weeks Ended February 27, 2021 | | |
|--|---|-------------|---|
| | Net Revenue | F/X | Organic Growth (Decline) |
| Hygiene, Health and Consumable Adhesives | 7.4% | (0.2)% | 7.6% |
| Engineering Adhesives | 25.6% | 4.5% | 21.1% |
| Construction Adhesives | (8.9)% | 1.1% | (10.0)% |
| Total H.B. Fuller | 12.3% | 1.8% | 10.5% |



Investor contact:
Vice President, Investor Relations
H.B. Fuller
Barbara Doyle
(651) 236-5023

