

# Fourth Quarter and Full Year 2017 Conference Call Investor Presentation

St. Paul, MN  
January 24, 2018



**H.B. Fuller**

Connecting what matters.™



# Safe Harbor & Regulation G

## Safe Harbor Statement

Certain matters discussed today may include 'forward looking statements' as that term is defined under the Private Securities Litigation Reform Act of 1995. Since such statements reflect our current expectations, 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 during today's meeting regarding adjusted gross profit, adjusted selling, general and administrative expense, adjusted diluted earnings per share, earnings before interest, taxes, depreciation, and amortization (EBITDA) and constant currency revenue 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. 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 tables below with the exception of our forward looking non-GAAP measures contained in our fiscal 2018 outlook, which are unknown or have not yet occurred.

## Additional Information

Please refer to our recent press release and annual report for the year ended December 3, 2016, on Form 10-K, filed with the Securities and Exchange Commission, and available on our website at [www.hbfuller.com](http://www.hbfuller.com) in the Investor Relations section.



# Business Summary

## Q4 Items of Note

- Closed Royal transaction; began integration process
- Strong organic revenue growth
- Adjusted EPS growth of 9%, excluding Royal & extra week impacts
- Cash flow excluding Royal of \$120 million
- Raw materials continued to increase during Q4

## 2017 Focus Areas

- Implemented further price increases, reformulations and product substitutions
- Improved Construction Products EBITDA margin to over 10%
- 20% volume growth in Engineering Adhesives; Asia Pacific Americas & EIMEA all outpaced targeted growth rates



# Royal Adhesives Overview



- Completed transaction on October 20, 2017
- Royal is very cash flow generative and operates in highly specified market segments
- In 2017, generated revenue of \$658 million and adjusted EBITDA of \$133 million
- Expands Engineering Adhesives presence into Aerospace and other high value segments.
- Provides a stronger position in Durable Assembly in the Americas and Europe
- Introduces a second, sizable construction segment - #1 player in commercial roofing space
- Facilitates shift towards high value adhesive solutions
- Expect EBITDA of \$600 million in 2020, inclusive of \$35 million in synergies



## 2018 Guidance

- Over 30% revenue growth; 6-7% versus proforma 2017
- Continued expansion of EBITDA to approximately \$465 million
  - ~15% EBITDA margin
  - Pricing offsets raw material cost increases
  - Operational improvements across businesses
  - Royal synergy delivery of ~\$15 million
  - Year-over-year growth of 60%; 13% growth vs proforma 2017
- Lower tax rate of 25-27% as a result of recent legislation
- Adjusted EPS of \$3.10 - \$3.40; ~30% growth vs 2017



# Raw Material Dynamics

- Raw materials began to increase early in 2017
  - Implemented prices in spring/summer
  - Expected raw materials to remain at elevated levels
- Hurricane Harvey caused supply outages and spikes in raw material costs
  - Expected costs to decline in Q4
  - Costs did not decline due to strong economic demand
- Additionally, China is aggressively pursuing environmental and safety initiatives
  - Caused temporary and permanent facility closures
  - Supply reduction has put cost pressure across the supply chain



# FY 2017 Segment Summary



## EIMEA

- CC Revenue Growth +9% YOY
- Adjusted EBITDA 11.4%

## Americas Adhesives

- Organic volume +6% YOY
- Adjusted EBITDA margin 15.1%

## Asia Pacific

- CC Revenue Growth +13% YOY
- Adjusted EBITDA margin 10%

## Engineering Adhesives

- Organic volume +20% YOY
- Adjusted EBITDA up 23% YOY; 50bps growth in margin

## Construction Products

- Q4 growth essentially flat, full-year volume down 5%
- Adjusted EBITDA margin ~10%



# Royal Integration

## Procurement Synergies

- Initial expectation of \$22 million in savings by 2020 fiscal year
- More opportunities identified, primarily through indirect spend
- Currently expect \$25 million by end of 2019

## Manufacturing Synergies

- Initial expectation of \$9 million in savings by 2020 and no facility closures of product transfers
- Opportunities identified to consolidate and transfer product lines which will generate further savings beyond 2020

## Commercial Synergies

- Initial expectation of \$50 million in revenue and \$15 million in EBITDA by 2020 fiscal year: Not included in 2020 target
- Opportunities have been validated and confidence in achievement is greater each day

Creating significant shareholder value through validation of opportunities beyond our \$600 million EBITDA target for the 2020 fiscal year





## Q4 & FY 2017 Financial Results Summary

- On a comparable basis, organic revenue growth was 8% in Q4
  - 2% price; 6% Volume
- Organic volume growth was 6% for FY 2017 vs FY 2016
- Adjusted gross margin declined versus prior year driven by increased raw material costs
- Adjusted SG&A flat year-on-year on a comparable basis; down when adjusting for acquisitions driven by restructuring benefit and discretionary expense control
- Q4 2017 adjusted EPS of \$0.75, up 9% vs Q4 2016 and full year adjusted EPS of \$2.50, 3% growth vs FY 2016, excluding impact of Royal and the extra week in Q4 of 2016
- Cash flow from operations excluding the impact of Royal of ~\$120 million in Q4; \$197 million for FY 2017



# Fiscal Year 2018 Guidance

- Net revenue growth of ~30%
  - 6-7% growth on a proforma combined basis
  - +1% impact from foreign exchange, at current rates
  - Pricing, volume growth and carryover benefit from acquisitions contribute to growth
- Adjusted EBITDA of ~\$465 million, 13% growth on proforma basis
  - Tax rate of 25-27% based on legislation changes
- Capex expectation of ~\$90 million
  - Free cash flow of ~\$200 million; \$170 million towards debt repayment
- EPS guidance range of \$3.10-\$3.40, approximately +30% growth versus 2017



## Wrap-Up

- Progress made on key 2017 initiatives
  - Delivered volume growth in Americas
  - Drove exceptional growth in Engineering Adhesives
  - Improved Construction Products EBITDA margin
- Integration of Royal well underway; synergies validated
- On track to deliver \$600 million of EBITDA in 2020 and create significant shareholder value
- Fiscal year 2018 guidance:
  - Net revenue growth of ~ 30%: +6-7% on a proforma combined basis
  - Adjusted EBITDA of ~ \$465 million; growth of 60%; up 13% on a proforma combined basis
  - Adjusted EPS growth of ~ 30%
  - Free cash flow of ~ \$200 million





**H.B. Fuller**



# Regulation G – Q4 2017 Proforma P&L

	13 Weeks Ended	Add	Adjusted	Less	Adjusted	% of
	December 2, 2017	Adjustments	13 Weeks Ended	Adjusted	Excluding Royal	Net
	December 2, 2017	Adjustments	December 2, 2017	Royal	13 Weeks Ended	Revenue
				Results	December 2, 2017	
Net revenue	\$ 678,200	\$ -	\$ 678,200	\$ 77,034	\$ 601,166	100.0%
Cost of sales	(510,464)	12,566	(497,898)	(55,858)	(442,040)	(73.5%)
Gross profit	167,736	12,566	180,302	21,176	159,126	26.5% <sup>6</sup>
Selling, general and administrative expenses	(151,126)	33,893	(117,233)	(15,769)	(101,464) <sup>7</sup>	(16.9%)
Other income (expense), net	(24,401)	25,966	1,565	1,087	478	0.1%
Interest expense	(19,073)	-	(19,073)	(10,286)	(8,787)	(1.5%)
Income (loss) before income taxes and income from equity method investments	(26,864)	72,425	45,561	(3,792)	49,353	8.2%
Income taxes	17,092	(28,318)	(11,226)	1,437	(12,663)	(2.1%)
- Effective tax rate	63.6%		24.6%	37.9%	25.7%	
Income from equity method investments	2,228	-	2,228	-	2,228	0.4%
Net income (loss) including non-controlling interests	(7,544)	44,107	36,563	(2,355)	38,918	6.5%
Net income attributable to non-controlling interests	(14)	-	(14)	-	(14)	(0.0%)
Net income (loss) attributable to H.B. Fuller	\$ (7,558)	\$ 44,107	\$ 36,549	\$ (2,355)	\$ 38,904	6.5%
Basic income (loss) per common share attributable to H.B. Fuller	\$ (0.15)	\$ 0.88	\$ 0.73	\$ (0.05)	\$ 0.77	
Diluted income (loss) per common share attributable to H.B. Fuller	\$ (0.15)	\$ 0.85	\$ 0.71 <sup>1a</sup>	\$ (0.05)	\$ 0.75 <sup>1b</sup>	
Weighted-average common shares outstanding:						
Basic	50,356	50,356	50,356	50,356	50,356	
Diluted	51,724	51,724	51,724	51,724	51,724	



# Regulation G – Q4 2016 Proforma P&L

	14 Weeks Ended	% of		Adjusted	% of
	December 3, 2016	Net		December 3, 2016	Net
		Revenue	Adjustments		Revenue
Net revenue	\$ 574,907	100.0%	\$ -	\$ 574,907	100.0%
Cost of sales	<u>(407,086)</u>	<u>(70.8%)</u>	<u>(543)</u>	<u>(406,543)</u>	<u>(70.7%)</u>
Gross profit	167,821	29.2%	543	168,364	29.3%
Selling, general and administrative expenses	(106,495)	(18.6%)	2,520	(109,015)	(19.0%)
Special charges, net	(1,856)	(0.3%)	(1,856)	-	0.0%
Other income (expense), net	54	-	-	54	0.0%
Interest expense	<u>(7,645)</u>	<u>(1.3%)</u>	<u>(58)</u>	<u>(7,587)</u>	<u>(1.3%)</u>
Income before income taxes and income from equity method investments	51,879	9.0%	(63)	51,816	9.0%
Income taxes	(14,873)	(2.6%)	1,161	(16,034)	(2.8%)
- Effective tax rate	28.7%			30.9%	
Income from equity method investments	<u>2,221</u>	<u>0.4%</u>	<u>-</u>	<u>2,221</u>	<u>0.4%</u>
Net income including non-controlling interests	39,227	6.8%	(1,224)	38,003	6.6%
Net income attributable to non-controlling interests	<u>(93)</u>	<u>-</u>	<u>-</u>	<u>(93)</u>	<u>(0.0%)</u>
Net income attributable to H.B. Fuller	<u>\$ 39,134</u>	<u>6.8%</u>	<u>\$ (1,224)</u>	<u>\$ 37,910</u>	<u>6.6%</u>
Basic income per common share attributable to H.B. Fuller	<u>\$ 0.78</u>		<u>\$ (0.02)</u>	<u>\$ 0.76</u>	
Diluted income per common share attributable to H.B. Fuller	<u>\$ 0.76</u>		<u>\$ (0.02)</u>	<u>\$ 0.74 <sup>1</sup></u>	
Weighted-average common shares outstanding:					
Basic	50,180		50,180	50,180	
Diluted	51,378		51,378	51,378	



# Regulation G – FY 2017 Proforma P&L

	52 Weeks Ended	Add	Adjusted 52 Weeks Ended	Less Adjusted Royal	Adjusted Excluding Royal 52 Weeks Ended	% of Net Revenue
	December 2, 2017	Adjustments	December 2, 2017	Results	December 2, 2017	
Net revenue	\$ 2,306,043	\$ -	\$ 2,306,043	\$ 77,034	\$ 2,229,009	100.0%
Cost of sales	(1,702,873)	26,520	(1,676,353)	55,858	(1,620,495)	(72.7%)
Gross profit	603,170	26,520	629,690	(21,176)	608,514	27.3%
Selling, general and administrative expenses	(477,030)	52,734	(424,296)	15,769	(408,527)	(18.3%)
Other income (expense), net	(23,740)	26,179	2,439	1,087	1,352	0.1%
Interest expense	(43,701)	-	(43,701)	10,286	(33,415)	(1.5%)
Income from continuing operations before income taxes and income from equity method investments	58,699	105,433	164,132	(3,792)	167,924	7.5%
Income taxes	(9,086)	(37,114)	(46,200)	1,437	(47,637)	(2.1%)
-Effective tax rate	15.5%	35.2%	28.1%	37.9%	28.4%	
Income from equity method investments	8,677	-	8,677	-	8,677	0.4%
Net income including non-controlling interests	58,290	68,319	126,609	(2,355)	128,964	5.8%
Net income attributable to non-controlling interests	(48)	-	(48)	-	(48)	(0.0%)
Net income attributable to H.B. Fuller	<u>\$ 58,242</u>	<u>\$ 68,319</u>	<u>\$ 126,561</u>	<u>\$ (2,355)</u>	<u>\$ 128,916</u>	<u>5.8%</u>
Basic income per common share attributable to H.B. Fuller <sup>a</sup>	<u>\$ 1.16</u>	<u>\$ 1.36</u>	<u>2.51</u>	<u>\$ (0.05)</u>	<u>\$ 2.56</u>	
Diluted income per common share attributable to H.B. Fuller	<u>\$ 1.13</u>	<u>\$ 1.32</u>	<u>2.45<sup>1a</sup></u>	<u>\$ (0.05)</u>	<u>\$ 2.50<sup>1b</sup></u>	
Weighted-average common shares outstanding:						
Basic	50,370	50,370	50,370	50,370	50,370	
Diluted	51,619	51,619	51,619	51,619	51,619	

a Income per share amounts may not add due to rounding



# Regulation G – FY 2016 Proforma P&L

	53 Weeks Ended December 3, 2016	% of Net Revenue	Adjustments	Adjusted 53 Weeks Ended December 3, 2016	% of Net Revenue
Net revenue	\$ 2,094,605	100.0%	\$ -	\$ 2,094,605	100.0%
Cost of sales	(1,484,802)	(70.9%)	(4,442)	(1,480,360)	(70.7%)
Gross profit	609,803	29.1%	4,442	614,245	29.3%
Selling, general and administrative expenses	(407,638)	(19.5%)	697	(408,335)	(19.5%)
Special charges, net	168	0.0%	168	-	0.0%
Other income (expense), net	(7,549)	(0.3%)	(684)	(6,865)	(0.3%)
Interest expense	(27,359)	(1.3%)	(280)	(27,079)	(1.3%)
Income before income taxes and income from equity method investments	167,425	8.0%	4,541	171,966	8.2%
Income taxes	(50,436)	(2.4%)	1,656	(52,092)	(2.4%)
- Effective tax rate	30.1%		-36.5%	30.3%	
Income from equity method investments	7,393	0.3%	-	7,393	0.3%
Net income including non-controlling interests	124,382	5.9%	2,885	127,267	6.1%
Net income attributable to non-controlling interests	(254)	-	-	(254)	(0.0%)
Net income attributable to H.B. Fuller	<u>\$ 124,128</u>	<u>5.9%</u>	<u>\$ 2,885</u>	<u>\$ 127,013</u>	<u>6.1%</u>
Basic income per common share attributable to H.B. Fuller <sup>a</sup>	<u>\$ 2.48</u>		<u>\$ 0.06</u>	<u>\$ 2.53</u>	
Diluted income per common share attributable to H.B. Fuller <sup>a</sup>	<u>\$ 2.42</u>		<u>\$ 0.06</u>	<u>\$ 2.48</u>	
Weighted-average common shares outstanding:					
Basic	50,136		50,136	50,136	
Diluted	51,270		51,270	51,270	





# Regulation G –EPS Adjustments

		13 Weeks ended December 2, 2017			14 Weeks ended December 3, 2016		
		Income before Income Tax	Income Taxes	Diluted EPS	Income before Income Tax	Income Taxes	Diluted EPS
GAAP Earnings		\$ (24,650)	\$ (17,092)	\$ (0.15)	\$ 54,007	\$ 14,873	\$ 0.76
Acquisition project costs	b	15,298	4,195	0.21	500	141	0.01
Make-whole cost on debt repayment	c	25,535	8,937	0.32	-	-	-
Advisory/financing fees	d	28,499	9,975	0.36	-	-	-
Tonsan call option agreement	e	(1,705)	-	(0.03)	(5,173)	-	(0.10)
Organizational realignment	f	1,018	230	0.02	3,066	544	0.05
Other	g	3,780	4,981	(0.02)	1,544	476	0.02
Adjusted Earnings		<u>47,775</u>	<u>11,226</u>	<u>0.71</u>	<u>\$ 53,944</u>	<u>\$ 16,034</u>	<u>\$ 0.74</u>

		52 Weeks ended December 2, 2017			53 Weeks ended December 3, 2016		
		Income before Income Tax	Income Taxes	Diluted EPS	Income before Income Tax	Income Taxes	Diluted EPS <sup>a</sup>
GAAP Earnings		\$ 67,328	\$ 9,086	\$ 1.13	\$ 174,564	\$ 50,436	\$ 2.42
Acquisition project costs	b	20,493	5,993	0.28	2,633	640	0.04
Make-whole cost on debt repayment	c	25,535	8,937	0.32	-	-	-
Advisory/financing fees	d	33,879	11,858	0.43	-	-	-
Tonsan call option agreement	e	(3,945)	-	(0.08)	(5,370)	-	(0.10)
Organizational realignment	f	19,963	4,343	0.30	3,633	57	0.07
Other	g	9,508	5,983	0.08	3,645	959	0.05
Adjusted Earnings		<u>172,761</u>	<u>46,200</u>	<u>2.45</u>	<u>\$ 179,105</u>	<u>\$ 52,092</u>	<u>\$ 2.48</u>

a Income per share amounts may not add due to rounding

b Costs related to integrating and accounting for acquisitions

c Cash costs related to make whole payments associated with the early repayment of certain debt in conjunction with the Royal Transaction

d Cash costs related to transaction advisory costs and costs for arranging financing in conjunction with the Royal Transaction

e Non-cash costs related to accretion and revaluation of the Tonsan call option agreement

f Costs related to Organizational Realignment to Support 2020 Strategic Plan, Construction Products facility combination, EIMEA restructuring announced November 2015, business integration and Special Charges

g Costs related to Project One development costs, discrete tax items and other corporate costs



# Regulation G – Q4 Segment Information

	13 Weeks Ended December 2, 2017	14 Weeks Ended December 3, 2016
<b>Net Revenue</b>		
Americas Adhesives	\$ 234,887	\$ 217,639
EIMEA	151,765	150,328
Asia Pacific	74,107	70,361
Construction Products	58,634	64,235
Engineering Adhesives	81,773	72,344
Royal Adhesives	77,034	-
Total H.B. Fuller	<u>\$ 678,200</u>	<u>\$ 574,907</u>
<b>Segment Operating Income <sup>8</sup></b>		
Americas Adhesives	\$ 24,827	\$ 31,936
EIMEA	10,091	14,502
Asia Pacific	5,898	6,111
Construction Products	461	(2,147)
Engineering Adhesives	7,974	10,924
Royal Adhesives	(32,641)	-
Total H.B. Fuller	<u>\$ 16,610</u>	<u>\$ 61,326</u>
<b>Depreciation and Amortization Expense</b>		
Americas Adhesives	\$ 5,779	\$ 5,016
EIMEA	5,304	5,120
Asia Pacific	1,958	1,862
Construction Products	4,277	4,074
Engineering Adhesives	3,733	4,374
Royal Adhesives	6,760	-
Total H.B. Fuller	<u>\$ 27,811</u>	<u>\$ 20,446</u>
<b>EBITDA <sup>3</sup></b>		
Americas Adhesives	\$ 30,607	\$ 36,952
EIMEA	15,395	19,622
Asia Pacific	7,856	7,973
Construction Products	4,738	1,927
Engineering Adhesives	11,707	15,298
Royal Adhesives	(25,881)	-
Total H.B. Fuller	<u>\$ 44,422</u>	<u>\$ 81,772</u>
<b>Segment Operating Margin <sup>8</sup></b>		
Americas Adhesives	10.6%	14.7%
EIMEA	6.6%	9.6%
Asia Pacific	8.0%	8.7%
Construction Products	0.8%	(3.3%)
Engineering Adhesives	9.8%	15.1%
Royal Adhesives	(42.4%)	-
Total H.B. Fuller	<u>2.4%</u>	<u>10.7%</u>
<b>EBITDA Margin <sup>3</sup></b>		
Americas Adhesives	13.0%	17.0%
EIMEA	10.1%	13.1%
Asia Pacific	10.6%	11.3%
Construction Products	8.1%	3.0%
Engineering Adhesives	14.3%	21.1%
Royal Adhesives	(33.6%)	-
Total H.B. Fuller	<u>6.5%</u>	<u>14.2%</u>
<b>Adjusted EBITDA <sup>3</sup></b>		
Americas Adhesives	\$ 35,818	\$ 37,336
EIMEA	17,524	21,039
Asia Pacific	8,586	8,177
Construction Products	5,938	2,967
Engineering Adhesives	10,848	10,235
Royal Adhesives	12,167	-
Total H.B. Fuller	<u>\$ 90,881</u>	<u>\$ 79,754</u>
<b>Adjusted EBITDA Margin <sup>3</sup></b>		
Americas Adhesives	15.2%	17.2%
EIMEA	11.5%	14.0%
Asia Pacific	11.6%	11.6%
Construction Products	10.1%	4.6%
Engineering Adhesives	13.3%	14.1%
Royal Adhesives	15.8%	-
Total H.B. Fuller	<u>13.4%</u>	<u>13.9%</u>



# Regulation G – FY Segment Information

	52 Weeks Ended December 2, 2017	53 Weeks Ended December 3, 2016
<b>Net Revenue</b>		
Americas Adhesives	\$ 888,552	\$ 806,062
EIMEA	548,439	545,135
Asia Pacific	264,191	241,827
Construction Products	238,513	256,346
Engineering Adhesives	289,314	245,235
Royal Adhesives	77,034	-
Total H.B. Fuller	<u>\$ 2,306,043</u>	<u>\$ 2,094,605</u>
<b>Segment Operating Income <sup>6</sup></b>		
Americas Adhesives	\$ 98,979	\$ 125,979
EIMEA	29,870	40,121
Asia Pacific	15,350	15,410
Construction Products	(1,120)	3,265
Engineering Adhesives	20,453	17,390
Royal Adhesives	(37,392)	-
Total H.B. Fuller	<u>\$ 126,140</u>	<u>\$ 202,165</u>
<b>Depreciation and Amortization Expense</b>		
Americas Adhesives	\$ 21,171	\$ 18,979
EIMEA	19,845	21,441
Asia Pacific	8,135	7,484
Construction Products	16,316	14,977
Engineering Adhesives	15,088	14,804
Royal Adhesives	6,760	-
Total H.B. Fuller	<u>\$ 87,315</u>	<u>\$ 77,685</u>
<b>EBITDA <sup>3</sup></b>		
Americas Adhesives	\$ 120,150	\$ 144,958
EIMEA	49,714	61,562
Asia Pacific	23,484	22,894
Construction Products	15,196	18,242
Engineering Adhesives	35,542	32,194
Royal Adhesives	(30,631)	-
Total H.B. Fuller	<u>\$ 213,455</u>	<u>\$ 279,850</u>
<b>Segment Operating Margin <sup>6</sup></b>		
Americas Adhesives	11.1%	15.6%
EIMEA	5.4%	7.4%
Asia Pacific	5.8%	6.4%
Construction Products	(0.5%)	1.3%
Engineering Adhesives	7.1%	7.1%
Royal Adhesives	(48.5%)	-
Total H.B. Fuller	<u>5.5%</u>	<u>9.7%</u>
<b>EBITDA Margin <sup>3</sup></b>		
Americas Adhesives	13.5%	18.0%
EIMEA	9.1%	11.3%
Asia Pacific	8.9%	9.5%
Construction Products	6.4%	7.1%
Engineering Adhesives	12.3%	13.1%
Royal Adhesives	(39.8%)	-
Total H.B. Fuller	<u>9.3%</u>	<u>13.4%</u>
<b>Adjusted EBITDA <sup>3</sup></b>		
Americas Adhesives	\$ 134,249	\$ 145,890
EIMEA	62,280	63,912
Asia Pacific	26,487	24,061
Construction Products	22,942	19,473
Engineering Adhesives	34,070	27,607
Royal Adhesives	12,167	-
Total H.B. Fuller	<u>\$ 292,195</u>	<u>\$ 280,943</u>
<b>Adjusted EBITDA Margin <sup>3</sup></b>		
Americas Adhesives	15.1%	18.1%
EIMEA	11.4%	11.7%
Asia Pacific	10.0%	9.9%
Construction Products	9.6%	7.6%
Engineering Adhesives	11.8%	11.3%
Royal Adhesives	15.8%	-
Total H.B. Fuller	<u>12.7%</u>	<u>13.4%</u>



# Revenue Growth Components

## 13 Weeks Ended December 2, 2017

	<u>Americas Adhesives</u>	<u>EIMEA</u>	<u>Asia Pacific</u>	<u>Construction Products</u>	<u>Engineering Adhesives</u>	<u>Total HBF</u>
Price	0.9%	5.4%	0.5%	0.1%	0.5%	1.9%
Volume	5.0%	4.0%	10.4%	(1.7%)	19.3%	6.5%
Mix	0.1%	0.6%	0.2%	(0.4%)	(0.7%)	0.1%
Acquisition	8.8%	-	-	-	-	3.3%
Constant Currency Growth <sup>5</sup>	14.8%	10.0%	11.1%	(2.0%)	19.1%	11.8%
F/X	0.2%	(1.9%)	1.3%	0.4%	1.1%	(0.1%)
Royal Impact	-	-	-	-	-	13.4%
Extra Week	(7.1%)	(7.1%)	(7.1%)	(7.1%)	(7.1%)	(7.1%)
	<u>7.9%</u>	<u>1.0%</u>	<u>5.3%</u>	<u>(8.7%)</u>	<u>13.0%</u>	<u>18.0%</u>

## 52 Weeks Ended December 2, 2017

	<u>Americas Adhesives</u>	<u>EIMEA</u>	<u>Asia Pacific</u>	<u>Construction Products</u>	<u>Engineering Adhesives</u>	<u>Total HBF</u>
Price	(0.4%)	4.5%	(0.6%)	0.0%	(1.2%)	0.8%
Volume	6.1%	4.6%	11.1%	(4.9%)	20.3%	6.1%
Mix	(0.8%)	0.1%	(0.5%)	(0.3%)	(0.5%)	(0.4%)
Acquisition	7.6%	-	2.8%	-	3.2%	4.0%
Constant Currency Growth <sup>5</sup>	12.5%	9.2%	12.8%	(5.2%)	21.8%	10.5%
F/X	(0.3%)	(6.6%)	(1.6%)	0.2%	(1.8%)	(2.2%)
Royal Impact	-	-	-	-	-	3.7%
Extra Week	(2.0%)	(2.0%)	(2.0%)	(2.0%)	(2.0%)	(2.0%)
	<u>10.2%</u>	<u>0.6%</u>	<u>9.2%</u>	<u>(7.0%)</u>	<u>18.0%</u>	<u>10.0%</u>



# Regulation G – Q4 EBITDA Reconciliation

	13 Weeks Ended December 2, 2017	14 Weeks Ended December 3, 2016
Net income (loss) including non-controlling interests	\$ (7,544)	\$ 39,227
Income from equity method investments	(2,228)	(2,221)
Income taxes	(17,092)	14,873
Interest expense	19,073	7,645
Other income (expense), net	24,401	(54)
Special charges	-	1,856
Segment Operating Income <sup>8</sup>	16,610	61,326
Depreciation expense	14,697	12,460
Amortization expense	13,115	7,986
EBITDA <sup>3</sup>	<u>\$ 44,422</u>	<u>\$ 81,772</u>
Non-recurring costs	46,459	(2,018)
Adjusted EBITDA <sup>3</sup>	<u>\$ 90,881</u>	<u>\$ 79,754</u>
Less: Adjusted Royal EBITDA	<u>\$ (12,167)</u>	
	<u>\$ 78,714</u>	
Adjusted EBITDA margin <sup>3</sup> on core HB Fuller	13.1%	13.9%



# Regulation G – FY EBITDA Reconciliation

	52 Weeks Ended December 2, 2017	53 Weeks Ended December 3, 2016
Net income including non-controlling interests	\$ 58,290	\$ 124,382
Income from equity method investments	(8,677)	(7,393)
Income taxes	9,086	50,436
Interest expense	43,701	27,359
Other income (expense), net	23,740	7,549
Special charges	-	(168)
Segment Operating Income <sup>8</sup>	126,140	202,165
Depreciation expense	51,072	49,190
Amortization expense	36,243	28,495
EBITDA <sup>3</sup>	<u>\$ 213,455</u>	<u>\$ 279,850</u>
Non-recurring costs	78,740	1,093
Adjusted EBITDA <sup>3</sup>	<u>\$ 292,195</u>	<u>\$ 280,943</u>
Less: Adjusted Royal EBITDA	<u>\$ (12,167)</u>	
	<u>\$ 280,028</u>	

Adjusted EBITDA margin<sup>3</sup> on core HB Fuller

12.6%

13.4%



# Proforma H.B. Fuller + Royal – FY 2017

	Royal 12/4/16 - 10/19/17	Royal 10/20/17 - 12/2/17	Royal 52 weeks ended - December 2017	H.B. Fuller Standalone December 2017	Proforma Combined <sup>2</sup> December 2017
Net income (loss)	\$17,565	\$(31,486)	\$(13,921)	\$89,777	\$75,856
Income from equity method investments	-	-	-	(8,677)	(8,677)
Income taxes	7,735	(16,147)	(8,412)	25,232	16,820
Interest expense	39,306	10,286	49,592	33,415	83,007
Other income (expense), net	-	(45)	(45)	23,785	23,740
Segment Operating Income <sup>8</sup>	\$64,606	\$(37,392)	\$27,214	\$163,532	\$190,746
Depreciation expense	\$9,354	\$1,712	11,066	\$49,360	60,426
Amortization expense	34,175	5,049	39,224	31,194	70,418
EBITDA <sup>3</sup>	\$108,135	\$(30,631)	\$77,504	\$244,086	\$321,590
Non-recurring costs	\$12,670	\$42,798	55,468	\$35,942	91,410
Adjusted EBITDA <sup>3</sup>	\$120,805	\$12,167	\$132,972	\$280,028	\$413,000
Net Revenue	\$580,719	\$77,034	\$657,753	\$2,229,009	\$2,886,762



# Regulation G – Operating Cash Flow Reconciliation

	13 Weeks Ended <u>December 2, 2017</u>	52 Weeks Ended <u>December 2, 2017</u>
Cash Flow from Operations	\$65,532	\$136,337
Remove Royal Impact	(8,900)	(8,900)
Other Cash Acquisition Impact	13,555	12,926
Accrued Interest Payable	(2,791)	(2,791)
Make-whole cost on debt retirement	25,535	25,535
Advisory/financing fees	28,499	33,879
Adjusted Cash flow from operations	<u><u>\$121,430</u></u>	<u><u>\$196,986</u></u>

