

# LEADING THE WAY



H.B. Fuller Investor Presentation  
July 2021



**H.B. Fuller**

Connecting what matters.™

## 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. Many of the risks and uncertainties are, and will be, exacerbated by COVID-19 and any worsening of the global economic environment as a result.

## Regulation G

The information presented during today's meeting regarding consolidated and segment organic revenue growth, adjusted gross profit, adjusted selling, general and administrative expense, adjusted diluted earnings per share, 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. 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 company's press releases available on the company's website, with the exception of our forward looking non-GAAP measures, which the company cannot reconcile to forward-looking GAAP measures without unreasonable effort.

## Additional Information

Please refer to our recent press release and annual report for the year ended November 28, 2020, on Form 10-K, and our quarterly Forms 10-Q, filed with the Securities and Exchange Commission, and available on our website at [www.hbfuller.com](http://www.hbfuller.com) in the Investors section.

# First Half 2021 Financial Results Recap

## 1H 2021

## HIGHLIGHTS

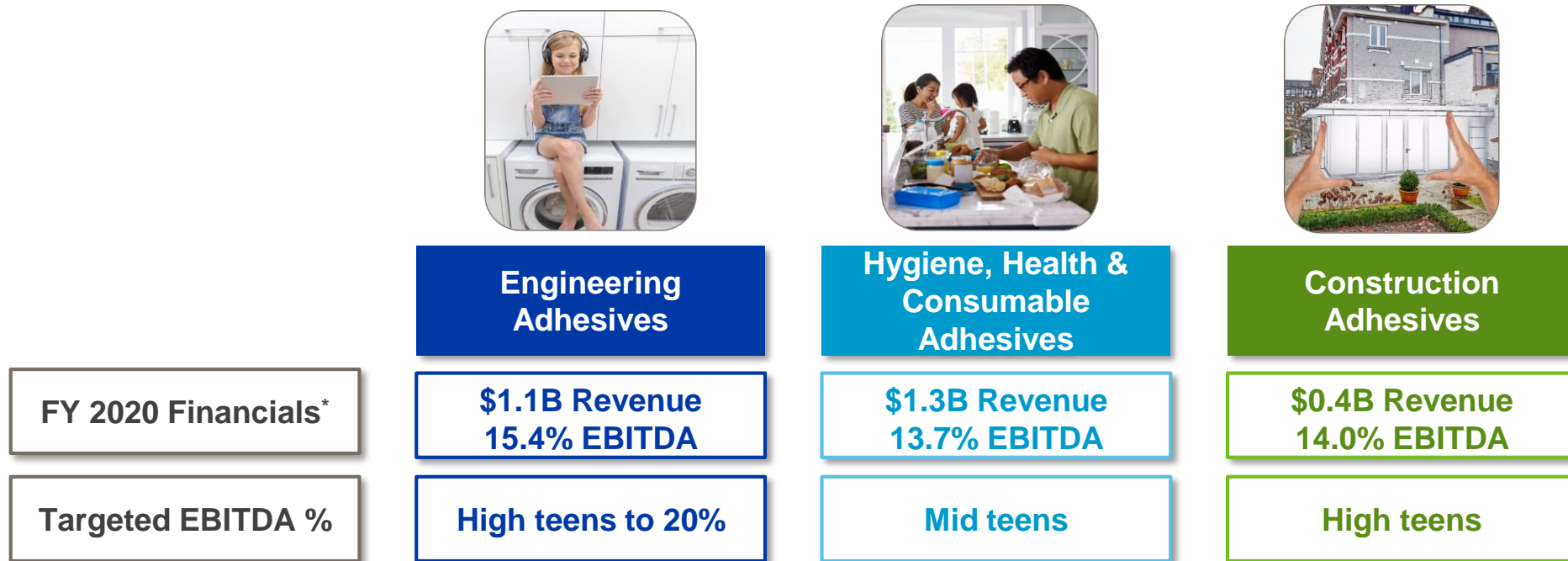
1H21	2021	%YoY 2020	% YoY 2019
Revenue	\$1,553	+17.5%	+8.5%
<i>Organic*</i>		+14.7%	+9.1%
<b>Adj. EPS*</b>	\$1.60	+58%	+32%
<b>Adj EBITDA*</b>	\$222	+25%	+9%
<i>% of Revenue</i>	14.3%	+ 80 bps	+ 10 bps

- Financial performance up vs. 2020 and pre-COVID 2019
- Strong operational execution in improving demand environment
- Capitalizing on share gains as end markets improve
- Benefits from business realignment on agility and profitability
- Strong 1H debt paydown of \$62M up 20% vs. 1H 2020
- Maintaining FY EBITDA guidance range: stronger forecasted volume growth and pricing expected to offset higher input costs

1H 2021 YoY	HHC	Engineering	Construction	Total
Revenue	\$700 M	\$658 M	\$195 M	\$1,553 M
<i>YoY Organic growth vs. 2020*</i>	+5.4%	+30.2%	+7.4%	+14.7%
<i>YoY Organic growth vs. 2019*</i>	+8.9%	+13.0%	-0.6%	+9.1%

\* Please see Appendix for reconciliations of adjusted non-GAAP metrics to the nearest GAAP measure

# Customer-Aligned Global Business Units



- ✓ Enhanced strategic alignment with greater agility in customer engagement
- ✓ Streamlined functional operations with lower cost to serve customers
- ✓ Result is >5% reduction in SG&A expense (~\$35 million of savings)
- ✓ Also initiated Operations & Supply Chain project in 2020 (est. \$20 – 30M of streamlined costs)
- ✓ Total run rate savings of both projects of \$55 – 65M, beginning in 2020, fully realized in 2022

\* Please see Appendix for reconciliations of adjusted non-GAAP metrics to the nearest GAAP measure

# Strong Performance in Improving Demand Environment

- Our agility, collaboration and speed are competitive advantages for H.B. Fuller in a world transformed by COVID-19, supply shortages and input pricing volatility
- Delivering market-driven, high value and new, environmentally-sustainable adhesive innovations to meet high customer demand
- Strong growth versus 2020 and pre-COVID 2019 results
- Focus on strategic pricing to value, and on managing inflation risks
- Driving value through our rising leadership in global adhesives



# Executing Well on our 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



# APPENDIX



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# Regulation G – EPS & EBITDA Reconciliation

	Three Months Ended		Six Months Ended	
	May 29, 2021	May 30, 2020	May 29, 2021	May 30, 2020
Net income attributable to H.B. Fuller	\$ 49,102	\$ 31,613	\$ 78,893	\$ 41,508
Adjustments:				
Acquisition project costs	1,302	(1,725)	1,376	(1,512)
Organizational realignment <sup>1</sup>	2,307	2,113	5,942	4,978
Royal restructuring and integration <sup>2</sup>	1,239	2,603	2,521	5,589
Project One	1,959	1,165	4,164	2,540
Other <sup>3</sup>	(3,857)	598	(3,812)	1,036
Discrete tax items	(600)	45	(558)	1,959
Income tax effect on adjustments <sup>4</sup>	(594)	(1,266)	(2,613)	(3,162)
Adjusted net income attributable to H.B. Fuller <sup>5</sup>	50,858	35,146	85,913	52,936
Add:				
Interest expense	19,965	21,670	40,357	44,431
Interest income	(2,530)	(2,898)	(5,189)	(5,816)
Income taxes	17,854	12,692	30,437	18,284
Depreciation and Amortization expense <sup>6</sup>	35,389	34,009	70,891	68,561
Adjusted EBITDA <sup>5</sup>	121,536	100,619	222,409	178,396
Diluted Shares	54,294	52,029	53,817	52,305
Adjusted diluted income per common share attributable to H.B. Fuller <sup>5</sup>	\$ 0.94	\$ 0.68	\$ 1.60	\$ 1.01
Revenue	\$ 827,873	\$ 674,602	\$1,553,777	\$1,321,166
Adjusted EBITDA margin <sup>5</sup>	14.7%	14.9%	14.3%	13.5%





# Regulation G – EPS & EBITDA Reconciliation cont.

<sup>1</sup> Includes costs incurred as a direct result of the organizational realignment program, including compensation for employees supporting the program, consulting expense and operational inefficiencies related to the closure of production facilities and consolidation of business activities.

<sup>2</sup> Costs incurred as a direct result of the Royal restructuring and integration program including compensation for employees supporting the program, consulting expense and operational inefficiencies related to the closure of production facilities and consolidation of business activities.

<sup>3</sup> Three and six months ended May 29, 2021, includes one-time, non-cash gains related to a transactional tax legal settlement in Brazil and a legal entity merger.

<sup>4</sup> The income tax effect on adjustments represents the difference between income taxes on net income before income taxes and income from equity method investments reported in accordance with U.S. GAAP and adjusted net income before income taxes and income from equity method investments.

<sup>5</sup> 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.

<sup>6</sup> Depreciation and amortization expense added back for EBITDA is adjusted for amounts already included in Adjusted net income attributable to H.B. Fuller totaling (\$507) and (\$63) for the three months ended May 29, 2021, and May 30, 2020, respectively and (\$734) and (\$96) for the six months ended May 29, 2021, and May 30, 2020, respectively.



# Regulation G – Adjusted Income Reconciliation

	Three Months Ended		Six Months Ended	
	May 29, 2021	May 30, 2020	May 29, 2021	May 30, 2020
Income before income taxes and income from equity method investments	\$ 63,608	\$ 41,206	\$ 102,125	\$ 55,089
Adjustments:				
Acquisition project costs	1,302	(1,725)	1,376	(1,512)
Organizational realignment	2,307	2,113	5,942	4,978
Royal restructuring and integration	1,239	2,603	2,521	5,589
Project One	1,959	1,165	4,164	2,540
Other <sup>3</sup>	(3,857)	598	(3,812)	1,036
Adjusted income before income taxes and income from equity method investments <sup>7</sup>	<u>\$ 66,558</u>	<u>\$ 45,960</u>	<u>\$ 112,316</u>	<u>\$ 67,720</u>

<sup>7</sup> 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

	Three Months Ended		Six Months Ended	
	May 29, 2021	May 30, 2020	May 29, 2021	May 30, 2020
Income Taxes	\$ (16,660)	\$ (11,471)	\$ (27,267)	\$ (17,082)
Adjustments:				
Acquisition project costs	(262)	459	(283)	514
Organizational realignment	(465)	(562)	(1,478)	177
Royal restructuring and integration	(249)	(693)	(606)	71
Project One	(395)	(310)	(1,009)	42
Other	177	(115)	206	(2,006)
Adjusted income taxes <sup>8</sup>	<u>\$ (17,854)</u>	<u>\$ (12,692)</u>	<u>\$ (30,437)</u>	<u>\$ (18,284)</u>
Adjusted income before income taxes and income from equity method investments	\$ 66,558	\$ 45,960	\$ 112,316	\$ 67,720
Adjusted effective income tax rate <sup>8</sup>	26.8%	27.6%	27.1%	27.0%

<sup>8</sup> Adjusted income taxes and adjusted effective income tax rate are non-GAAP financial measures. Adjusted income taxes are 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

	Three Months Ended		Six Months Ended	
	May 29, 2021	May 30, 2020	May 29, 2021	May 30, 2020
Net revenue	\$ 827,873	\$ 674,602	\$1,553,777	\$1,321,166
Gross profit	\$ 217,550	\$ 184,901	\$ 409,914	\$ 355,163
Gross profit margin	26.3%	27.4%	26.4%	26.9%
Adjustments:				
Acquisition project costs	63	-	63	-
Organizational realignment	544	70	793	151
Royal restructuring and integration	578	697	1,319	1,598
Project ONE	(725)	-	-	-
Other	1,378	981	1,386	991
Adjusted gross profit <sup>9</sup>	<u>\$ 219,388</u>	<u>\$ 186,649</u>	<u>\$ 413,475</u>	<u>\$ 357,903</u>
Adjusted gross profit margin <sup>9</sup>	26.5%	27.7%	26.6%	27.1%

<sup>9</sup> 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

	Three Months Ended		Six Months Ended	
	May 29, 2021	May 30, 2020	May 29, 2021	May 30, 2020
Selling, general and administrative expenses	\$ (148,409)	\$ (127,998)	\$ (292,423)	\$ (269,507)
Adjustments:				
Acquisition project costs	1,239	(1,725)	1,313	(1,512)
Organizational realignment	1,818	2,042	5,205	4,826
Royal restructuring and integration	683	1,932	1,255	4,043
Project ONE	2,684	1,166	4,164	2,541
Other	(59)	(382)	(23)	45
Adjusted selling, general and administrative expenses <sup>10</sup>	<u>\$ (142,044)</u>	<u>\$ (124,965)</u>	<u>\$ (280,509)</u>	<u>\$ (259,564)</u>

<sup>10</sup> 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 – Segment Information

	Three Months Ended		Six Months Ended	
	May 29, 2021	May 30, 2020	May 29, 2021	May 30, 2020
<b>Net Revenue:</b>				
Hygiene, Health and Consumable Adhesives	\$ 364,814	\$ 344,673	\$ 700,482	\$ 657,185
Engineering Adhesives	345,373	236,063	658,037	484,958
Construction Adhesives	117,686	93,866	195,258	179,023
Corporate unallocated	-	-	-	-
Total H.B. Fuller	<u>\$ 827,873</u>	<u>\$ 674,602</u>	<u>\$ 1,553,777</u>	<u>\$ 1,321,166</u>
<b>Segment Operating Income:</b>				
Hygiene, Health and Consumable Adhesives	\$ 38,929	\$ 35,009	\$ 68,840	\$ 57,673
Engineering Adhesives	32,075	20,149	62,493	35,514
Construction Adhesives	6,338	6,527	1,635	5,152
Corporate unallocated	(8,201)	(4,782)	(15,477)	(12,683)
Total H.B. Fuller	<u>\$ 69,141</u>	<u>\$ 56,903</u>	<u>\$ 117,491</u>	<u>\$ 85,656</u>
<b>Adjusted EBITDA <sup>5</sup></b>				
Hygiene, Health and Consumable Adhesives	\$ 53,569	\$ 48,321	\$ 98,175	\$ 84,217
Engineering Adhesives	49,864	35,172	98,032	66,087
Construction Adhesives	17,252	16,626	23,539	25,499
Corporate unallocated	851	500	2,663	2,593
Total H.B. Fuller	<u>\$ 121,536</u>	<u>\$ 100,619</u>	<u>\$ 222,409</u>	<u>\$ 178,396</u>
<b>Adjusted EBITDA Margin <sup>5</sup></b>				
Hygiene, Health and Consumable Adhesives	14.7%	14.0%	14.0%	12.8%
Engineering Adhesives	14.4%	14.9%	14.9%	13.6%
Construction Adhesives	14.7%	17.7%	12.1%	14.2%
Corporate unallocated	NMP	NMP	NMP	NMP
Total H.B. Fuller	<u>14.7%</u>	<u>14.9%</u>	<u>14.3%</u>	<u>13.5%</u>
NMP = Non-meaningful percentage				



# Regulation G – YTD Q2 2021 Segment EBITDA Reconciliation

Six Months Ended: May 29, 2021	Hygiene, Health and Consumable	Engineering	Construction	Total	Corporate	H.B. Fuller
	Adhesives	Adhesives	Adhesives		Unallocated	Consolidated
Net income attributable to H.B. Fuller	\$ 75,367	\$ 67,500	\$ 5,988	\$ 148,855	\$ (69,962)	\$ 78,893
Adjustments:						
Acquisition project costs	-	-	-	-	1,376	1,376
Organizational realignment	-	-	-	-	5,942	5,942
Royal Restructuring	-	-	-	-	2,521	2,521
Project One	-	-	-	-	4,164	4,164
Other <sup>3</sup>	-	-	-	-	(3,812)	(3,812)
Discrete tax items	-	-	-	-	(558)	(558)
Income tax effect on adjustments <sup>4</sup>	-	-	-	-	(2,613)	(2,613)
Adjusted net income attributable to H.B. Fuller <sup>5</sup>	75,367	67,500	5,988	148,855	(62,942)	85,913
Add:						
Interest expense	-	-	-	-	40,357	40,357
Interest income	-	-	-	-	(5,189)	(5,189)
Income taxes	-	-	-	-	30,437	30,437
Depreciation and amortization expense	22,808	30,532	17,551	70,891	-	70,891
Adjusted EBITDA <sup>5</sup>	\$ 98,175	\$ 98,032	\$ 23,539	\$ 219,746	\$ 2,663	\$ 222,409
Revenue	700,482	658,037	195,258	1,553,777	-	1,553,777
Adjusted EBITDA Margin <sup>5</sup>	14.0%	14.9%	12.1%	14.1%	NMP	14.3%

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 – YTD Q2 2020 Segment EBITDA Reconciliation

Six Months Ended: May 30, 2020	Hygiene, Health and Consumable			Engineering Adhesives	Construction Adhesives	Total	Corporate Unallocated	H.B. Fuller Consolidated
	Adhesives	Adhesives	Adhesives					
Net income attributable to H.B. Fuller	\$ 61,291	\$ 38,433	\$ 7,518	\$ 107,242	\$ (65,734)	\$ 41,508		
Adjustments:								
Acquisition project costs	-	-	-	-	(1,512)	(1,512)		
Organizational realignment	-	-	-	-	4,978	4,978		
Royal Restructuring	-	-	-	-	5,589	5,589		
Project One	-	-	-	-	2,540	2,540		
Other	-	-	-	-	1,036	1,036		
Discrete tax items	-	-	-	-	1,959	1,959		
Income tax effect on adjustments <sup>4</sup>	-	-	-	-	(3,162)	(3,162)		
Adjusted net income attributable to H.B. Fuller <sup>5</sup>	61,291	38,433	7,518	107,242	(54,306)	52,936		
Add:								
Interest expense	-	-	-	-	44,431	44,431		
Interest income	-	-	-	-	(5,816)	(5,816)		
Income taxes	-	-	-	-	18,284	18,284		
Depreciation and amortization expense	22,926	27,654	17,981	68,561	-	68,561		
Adjusted EBITDA <sup>5</sup>	\$ 84,217	\$ 66,087	\$ 25,499	\$ 175,803	\$ 2,593	\$ 178,396		
Revenue	\$ 657,185	\$ 484,958	\$ 179,023	\$ 1,321,166	-	\$ 1,321,166		
Adjusted EBITDA Margin <sup>5</sup>	12.8%	13.6%	14.2%	13.3%	NMP	13.5%		

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 – FY 2020 Segment EBITDA Reconciliation

52 Weeks Ended: November 28, 2020	Hygiene, Health and Consumable Adhesives	Engineering Adhesives	Construction Adhesives	Total	Corporate Unallocated	H.B. Fuller Consolidated
Net income attributable to H.B. Fuller	\$ 138,119	\$ 109,813	\$ 15,881	\$ 263,813	\$ (140,094)	\$ 123,719
Adjustments:						
Acquisition project costs	-	-	-	-	(162)	(162)
Organizational realignment	-	-	-	-	11,449	11,449
Royal Restructuring	-	-	-	-	7,396	7,396
Tax reform	-	-	-	-	(26)	(26)
Project One	-	-	-	-	4,265	4,265
Other	-	-	-	-	2,268	2,268
Adjusted net income attributable to H.B. Fuller <sup>3</sup>	138,119	109,813	15,881	263,813	(114,904)	148,909
Add:						
Interest expense	-	-	-	-	84,619	84,619
Interest income	-	-	-	-	(11,417)	(11,417)
Income taxes	-	-	-	-	46,456	46,456
Depreciation and amortization expense	44,329	58,102	35,811	138,242	-	138,242
Adjusted EBITDA <sup>3</sup>	<u>\$ 182,448</u>	<u>\$ 167,915</u>	<u>\$ 51,692</u>	<u>\$ 402,055</u>	<u>\$ 4,754</u>	<u>\$ 406,809</u>
Revenue	1,332,786	1,088,313	369,170	2,790,269	-	2,790,269
Adjusted EBITDA Margin <sup>3</sup>	13.7%	15.4%	14.0%	14.4%	NMP	14.6%

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

Revenue growth versus 2020	Three Months Ended	Six Months Ended
	May 29, 2021	May 29, 2021
Price	1.4%	0.7%
Volume	17.4%	14.0%
<b>Organic Growth<sup>11</sup></b>	<b>18.8%</b>	<b>14.7%</b>
M&A	0.0%	0.0%
F/X	3.9%	2.8%
<b>Total H.B. Fuller Net Revenue Growth</b>	<b>22.7%</b>	<b>17.5%</b>

Revenue growth versus 2020	Three Months Ended			Six Months Ended		
	Net Revenue	F/X and M&A	Organic Growth <sup>11</sup>	Net Revenue	F/X and M&A	Organic Growth <sup>11</sup>
Hygiene, Health and Consumable Adhesives	5.8%	2.5%	3.3%	6.6%	1.2%	5.4%
Engineering Adhesives	46.3%	6.6%	39.7%	35.7%	5.5%	30.2%
Construction Adhesives	25.4%	2.2%	23.2%	9.1%	1.7%	7.4%
<b>Total H.B. Fuller</b>	<b>22.7%</b>	<b>3.9%</b>	<b>18.8%</b>	<b>17.5%</b>	<b>2.8%</b>	<b>14.7%</b>

Revenue growth versus 2019	Three Months Ended			Six Months Ended		
	Net Revenue	F/X and M&A	Organic Growth <sup>11</sup>	Net Revenue	F/X and M&A	Organic Growth <sup>11</sup>
Hygiene, Health and Consumable Adhesives	8.0%	(2.3)%	10.3%	6.5%	(2.4)%	8.9%
Engineering Adhesives	13.6%	2.9%	10.7%	15.8%	2.8%	13.0%
Construction Adhesives	5.3%	1.1%	4.2%	0.3%	0.9%	(0.6)%
<b>Total H.B. Fuller</b>	<b>9.0%</b>	<b>(0.5)%</b>	<b>9.5%</b>	<b>8.5%</b>	<b>(0.6)%</b>	<b>9.1%</b>

<sup>11</sup> We use the term "organic revenue" to refer to net revenue, excluding the effect of foreign currency changes and acquisitions and divestitures. Organic growth reflects adjustments for the impact of period-over-period changes in foreign currency exchange rates on revenues and the revenues associated with acquisitions and divestitures.





# H.B. Fuller

## Thank you

**H.B. Fuller Investor Contact:**

Barbara Doyle

VP, Investor Relations

651-236-5023

[investors@hbfuller.com](mailto:investors@hbfuller.com)



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