

First Quarter 2022 Conference Call Investor Presentation

St. Paul, MN
March 24, 2022



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 U.S. generally accepted accounting principles (U.S. GAAP) and should not be construed as an alternative to the reported results determined in accordance with U.S. 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 U.S. GAAP results in the "Regulation G Reconciliation" tables except for our forward-looking non-U.S. GAAP measures contained in our fiscal 2022 financial guidance, which the company cannot reconcile to forward-looking U.S. 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 2022 Results

Highlights

- Strong start to fiscal 2022
 - Organic revenue up 21% year over year
 - Adjusted EPS of \$0.80, up 21% year over year
 - Adjusted EBITDA of \$113M, up 12% year over year
- Strong volume growth and pricing performance across the business
 - Mid-teens or higher organic revenue growth in each GBU
 - Implementing pricing actions to more than offset significant input cost inflation
 - Carefully monitoring impact from war in Ukraine on global economics and supply chain
- Delivering strong and consistent results through turbulent environments
 - Strong operational execution across the company
 - Our innovation-led strategy is driving our growth
 - Meeting high demand for adhesive solutions for electronics, transportation, new energy, sustainable solutions for buildings and durable goods



Q1 2022 Global Segment Summary

Hygiene, Health and Consumables Adhesives (HHC)

- 21% organic revenue growth YoY
- Strong growth across HHC, especially Packaging, Health and Beauty and Tapes and Labels
- EBITDA +4% YoY; volumes + pricing to drive sequential margin improvement over the year

Engineering Adhesives (EA)

- 17% organic revenue growth YoY
- Strong double-digit growth in Transportation, New Energy, Woodworking & Insulating Glass
- EBITDA +4% YoY; volumes + pricing to drive sequential margin improvement over the year

Construction Adhesives (CA)

- 38% organic revenue growth YoY
- Strong growth led by Commercial Roofing - high demand, share gains and pricing
- EBITDA margin +600 bps YoY: volume leverage, pricing and operational execution
- Closed Fourny & Apollo acquisitions which significantly expand our CA footprint in Europe



Key Financial Results Summary

- Strong revenue growth in the quarter
 - Net revenue up 18% and organic revenue up 21% versus Q1'21
 - Volumes up 6.1% and 14.7% growth from pricing
 - Double-digit organic growth in each GBU; strong 38% increase in Construction Adhesives
- Volume growth, pricing gains and cost controls drove strong profit growth
 - Gross profit up 10% year over year
 - SG&A down 210 bps as a percentage of revenue vs. Q1'21
 - Adjusted EPS of \$0.80 up 21% and adjusted EBITDA of \$113M up 12%
- Increased working capital in Q1'22 to support higher sales and supply assurance
 - Reflects higher sales volumes, significant raw material cost inflation and longer lead times
 - Return to more normalized levels of cash flow throughout the year as working capital declines to targeted 16% of revenue by year-end



2022 Full Year Financial Guidance

Updating for Apollo and Fourny acquisitions and strong Q1'22

- Organic revenue growth of 15% to 20%, excluding 3% to 4% unfavorable FX impact and ~\$60M contribution from Apollo and Fourny acquisitions
- Adjusted EPS of \$4.10 - \$4.35, up 18% to 25% year over year
- Adjusted EBITDA of \$530 - \$550 million, up 13% to 19% year over year
- Expect ~29% of full year EBITDA in Q4'22 including additional 53rd week of activity
- Additional information
 - Core tax rate between 27% and 29%
 - Interest expense between \$75 and \$80 million
 - Depreciation and amortization of ~\$150 million
 - ~55 million average diluted shares
 - Anticipate working capital < 16% of revenue by year-end
 - Capital investment of \$105 to \$115 million
 - Net debt to EBITDA leverage of 3.0x to 3.3X by YE 2022, including these acquisitions



Wrap Up

- Creating momentum through new innovations and customer wins
- Execution of our strategy, decisive actions and collaborative culture drive our success
- Innovation, agility and speed differentiate our performance
- Executing plans to deliver mid to high teens revenue & earnings growth in FY 2022
- Key focus areas for FY 2022
 1. Securing access to raw materials in a supply-constrained environment
 2. Strategically managing pricing aligned with the value we deliver
 3. Leveraging our formulation/application expertise to solve customers' problems first & fastest



REACHING NEW HEIGHTS

INVESTOR DAY 2022



H.B. Fuller



H.B. Fuller Investor Day

April 13, 2022

**World Headquarters in
St. Paul Minnesota
or Virtual**

**8 to 2pm CT, including
tour of technical center**

Info: investors@hbfuller.com





H.B. Fuller



APPENDIX



Revenue Performance

	Three Months Ended February 26, 2022
Price	14.7%
Volume	6.1%
Organic Growth ¹³	20.8%
M&A	0.9%
Constant currency	21.7%
F/X	(3.7)%
Total H.B. Fuller Net Revenue Growth	<u>18.0%</u>

Revenue growth versus 2021

	Three Months Ended February 26, 2022				
	Net Revenue	F/X	Constant Currency	M&A	Organic Growth ¹³
Hygiene, Health and Consumable Adhesives	16.0%	(4.7)%	20.7%	0.0%	20.7%
Engineering Adhesives	13.2%	(3.3)%	16.5%	0.0%	16.5%
Construction Adhesives	45.6%	(0.8)%	46.4%	8.1%	38.3%
Total H.B. Fuller	<u>18.0%</u>	<u>(3.7)%</u>	<u>21.7%</u>	<u>0.9%</u>	<u>20.8%</u>

¹³ 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.



Regulation G – EPS & EBITDA Reconciliation

	Three Months Ended	
	February 26, 2022	February 27, 2021
	<hr/>	<hr/>
Net income attributable to H.B. Fuller	\$ 38,306	\$ 29,791
Adjustments:		
Acquisition project costs ¹	5,857	73
Organizational realignment ²	1,629	3,635
Royal restructuring and integration ³	398	1,282
Project One	3,204	2,205
Other ⁴	1,166	45
Discrete tax items ⁵	(2,901)	42
Income tax effect on adjustments ⁶	(3,510)	(2,018)
Adjusted net income attributable to H.B. Fuller ⁷	<hr/> 44,149	<hr/> 35,055
Add:		
Interest expense	18,210	20,392
Interest income	(1,951)	(2,659)
Adjusted income taxes	16,559	12,583
Depreciation and Amortization expense ⁸	35,797	35,502
Adjusted EBITDA ⁷	<hr/> 112,764	<hr/> 100,873
Diluted Shares	55,395	53,339
Adjusted diluted income per common share attributable to H.B. Fuller ⁷	<hr/> \$ 0.80	<hr/> \$ 0.66
Revenue	\$ 856,482	\$ 725,904
Adjusted EBITDA margin ⁷	13.2%	13.9%



Regulation G – EPS & EBITDA Reconciliation cont.

¹ Acquisition project costs include costs related to integrating and accounting for acquisitions.

² Organizational realignment 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.

³ Royal restructuring and integration includes 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.

⁴ Other includes costs incurred for COVID-19 testing, vaccinations, personal protective equipment and exceptional medical claims, and non-cash gains and losses related to legal entity consolidations.

⁵ Discrete tax items include impacts of legal entity mergers offset by various foreign tax matters.

⁶ 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.

⁷ 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.

⁸ Depreciation and amortization expense added back for EBITDA is adjusted for amounts already included in adjusted net income attributable to H.B. Fuller totaling (\$158) and (\$227) for the three months ended February 26, 2022 and February 27, 2021, respectively.



Regulation G – Segment Information

	Three Months Ended	
	February 26, 2022	February 27, 2021
Net Revenue:		
Hygiene, Health and Consumable Adhesives	\$ 389,538	\$ 335,669
Engineering Adhesives	353,977	312,663
Construction Adhesives	112,967	77,572
Corporate unallocated	-	-
Total H.B. Fuller	<u>\$ 856,482</u>	<u>\$ 725,904</u>
Segment Operating Income (Loss):		
Hygiene, Health and Consumable Adhesives	\$ 32,213	\$ 29,912
Engineering Adhesives	32,572	30,417
Construction Adhesives	4,356	(4,703)
Corporate unallocated	(12,142)	(7,276)
Total H.B. Fuller	<u>\$ 56,999</u>	<u>\$ 48,350</u>
Adjusted EBITDA ⁷		
Hygiene, Health and Consumable Adhesives	\$ 46,598	\$ 44,606
Engineering Adhesives	49,879	48,168
Construction Adhesives	15,877	6,286
Corporate unallocated	410	1,813
Total H.B. Fuller	<u>\$ 112,764</u>	<u>\$ 100,873</u>
Adjusted EBITDA Margin ⁷		
Hygiene, Health and Consumable Adhesives	12.0%	13.3%
Engineering Adhesives	14.1%	15.4%
Construction Adhesives	14.1%	8.1%
Corporate unallocated	NMP	NMP
Total H.B. Fuller	<u>13.2%</u>	<u>13.9%</u>
NMP = non-meaningful percentage		



Regulation G – Adjusted Income Reconciliation

	Three Months Ended	
	February 26, 2022	February 27, 2021
Income before income taxes and income from equity method investments	\$ 46,885	\$ 38,517
Adjustments:		
Acquisition project costs ¹	5,857	73
Organizational realignment ²	1,629	3,635
Royal restructuring and integration ³	398	1,282
Project One	3,204	2,205
Other ⁴	1,166	45
Adjusted income before income taxes and income from equity method investments ⁹	<u>\$ 59,139</u>	<u>\$ 45,757</u>

⁹ 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	
	February 26, 2022	February 27, 2021
Income Taxes	\$ (10,148)	\$ (10,607)
Adjustments:		
Acquisition project costs ¹	(1,678)	(20)
Organizational realignment ²	(466)	(1,013)
Royal restructuring and integration ³	(114)	(357)
Project One	(918)	(615)
Other ⁴	(3,235)	29
Adjusted income taxes ¹⁰	<u>\$ (16,559)</u>	<u>\$ (12,583)</u>
Adjusted income before income taxes and income from equity method investments	\$ 59,139	\$ 45,757
Adjusted effective income tax rate ¹⁰	28.0%	27.5%

¹⁰ 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	
	February 26, 2022	February 27, 2021
Net revenue	\$ 856,482	\$ 725,904
Gross profit	\$ 212,893	\$ 192,364
Gross profit margin	24.9%	26.5%
Adjustments:		
Acquisition project costs ¹	662	-
Organizational realignment ²	263	249
Royal restructuring and integration ³	233	740
Project ONE	-	725
Other ⁴	378	9
Adjusted gross profit ¹¹	<u>\$ 214,429</u>	<u>\$ 194,087</u>
Adjusted gross profit margin ¹¹	<u>25.0%</u>	<u>26.7%</u>

¹¹ 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	
	February 26, 2022	February 27, 2021
	<hr/>	
Selling, general and administrative expenses	\$ (155,894)	\$ (144,014)
Adjustments:		
Acquisition project costs ¹	5,195	73
Organizational realignment ²	1,354	3,387
Royal restructuring and integration ³	179	572
Project ONE	3,204	1,480
Other ⁴	675	37
Adjusted selling, general and administrative expenses ¹²	<u>\$ (145,287)</u>	<u>\$ (138,465)</u>

¹² 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 – Q1'22 Segment EBITDA Reconciliation

Three Months Ended: February 26, 2022	Hygiene, Health and Consumable Adhesives	Engineering Adhesives	Construction Adhesives	Total	Corporate Unallocated	H.B. Fuller Consolidated
Net income attributable to H.B. Fuller	\$ 35,137	\$ 34,737	\$ 6,683	\$ 76,557	\$ (38,251)	\$ 38,306
Adjustments:						
Acquisition project costs ¹	-	-	-	-	5,857	5,857
Organizational realignment ²	-	-	-	-	1,629	1,629
Royal Restructuring and integration ³	-	-	-	-	398	398
Project One	-	-	-	-	3,204	3,204
Other ⁴	-	-	-	-	1,166	1,166
Discrete tax items ⁵	-	-	-	-	(2,901)	(2,901)
Income tax effect on adjustments ⁶	-	-	-	-	(3,510)	(3,510)
Adjusted net income attributable to H.B. Fuller ⁷	<u>35,137</u>	<u>34,737</u>	<u>6,683</u>	<u>76,557</u>	<u>(32,408)</u>	<u>44,149</u>
Add:						
Interest expense	-	-	-	-	18,210	18,210
Interest income	-	-	-	-	(1,951)	(1,951)
Adjusted income taxes	-	-	-	-	16,559	16,559
Depreciation and amortization expense	<u>11,461</u>	<u>15,142</u>	<u>9,194</u>	<u>35,797</u>	<u>-</u>	<u>35,797</u>
Adjusted EBITDA ⁷	<u>\$ 46,598</u>	<u>\$ 49,879</u>	<u>\$ 15,877</u>	<u>\$ 112,354</u>	<u>\$ 410</u>	<u>\$ 112,764</u>
Revenue	<u>\$ 389,538</u>	<u>\$ 353,977</u>	<u>\$ 112,967</u>	<u>\$ 856,482</u>	<u>-</u>	<u>\$ 856,482</u>
Adjusted EBITDA Margin ⁷	12.0%	14.1%	14.1%	13.1%	NMP	13.2%

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 – Q1'21 Segment EBITDA Reconciliation

Three Months 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 ¹	-	-	-	-	73	73
Organizational realignment ²	-	-	-	-	3,635	3,635
Royal Restructuring and integration ³	-	-	-	-	1,282	1,282
Project One	-	-	-	-	2,205	2,205
Other ⁴	-	-	-	-	45	45
Discrete tax items ⁵	-	-	-	-	42	42
Income tax effect on adjustments ⁶	-	-	-	-	(2,018)	(2,018)
Adjusted net income attributable to H.B. Fuller ⁷	<u>33,170</u>	<u>32,916</u>	<u>(2,528)</u>	<u>63,558</u>	<u>(28,503)</u>	<u>35,055</u>
Add:						
Interest expense	-	-	-	-	20,392	20,392
Interest income	-	-	-	-	(2,659)	(2,659)
Adjusted income taxes	-	-	-	-	12,583	12,583
Depreciation and amortization expense	<u>11,436</u>	<u>15,252</u>	<u>8,814</u>	<u>35,502</u>	<u>-</u>	<u>35,502</u>
Adjusted EBITDA ⁷	<u>\$ 44,606</u>	<u>\$ 48,168</u>	<u>\$ 6,286</u>	<u>\$ 99,060</u>	<u>\$ 1,813</u>	<u>\$ 100,873</u>
Revenue	<u>\$ 335,669</u>	<u>\$ 312,663</u>	<u>\$ 77,572</u>	<u>\$ 725,904</u>	<u>-</u>	<u>\$ 725,904</u>
Adjusted EBITDA Margin ⁷	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



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