

Third Quarter 2017 Conference Call Investor Presentation

St. Paul, MN
September 28, 2017



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

During today's meeting we will be discussing certain non-GAAP financial measures, specifically, segment operating income, adjusted earnings per diluted share, earnings before interest, taxes, and depreciation and amortization expense (EBITDA). Segment operating income is defined as gross profit less SG&A expense; EBITDA is defined as gross profit less SG&A expense, plus depreciation and amortization; and adjusted financials are defined according to the earnings release issued. Management believes that a discussion of these measures is useful to investors because it assists in understanding the operating performance of the Company and its operating segments and in understanding the comparability of results. The non-GAAP information discussed may not be consistent with the methodologies used by other companies. All non-GAAP information is reconciled with reported GAAP results on the last pages of this presentation.

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 in the Investor Relations section.



Business Summary

Key Financial Results

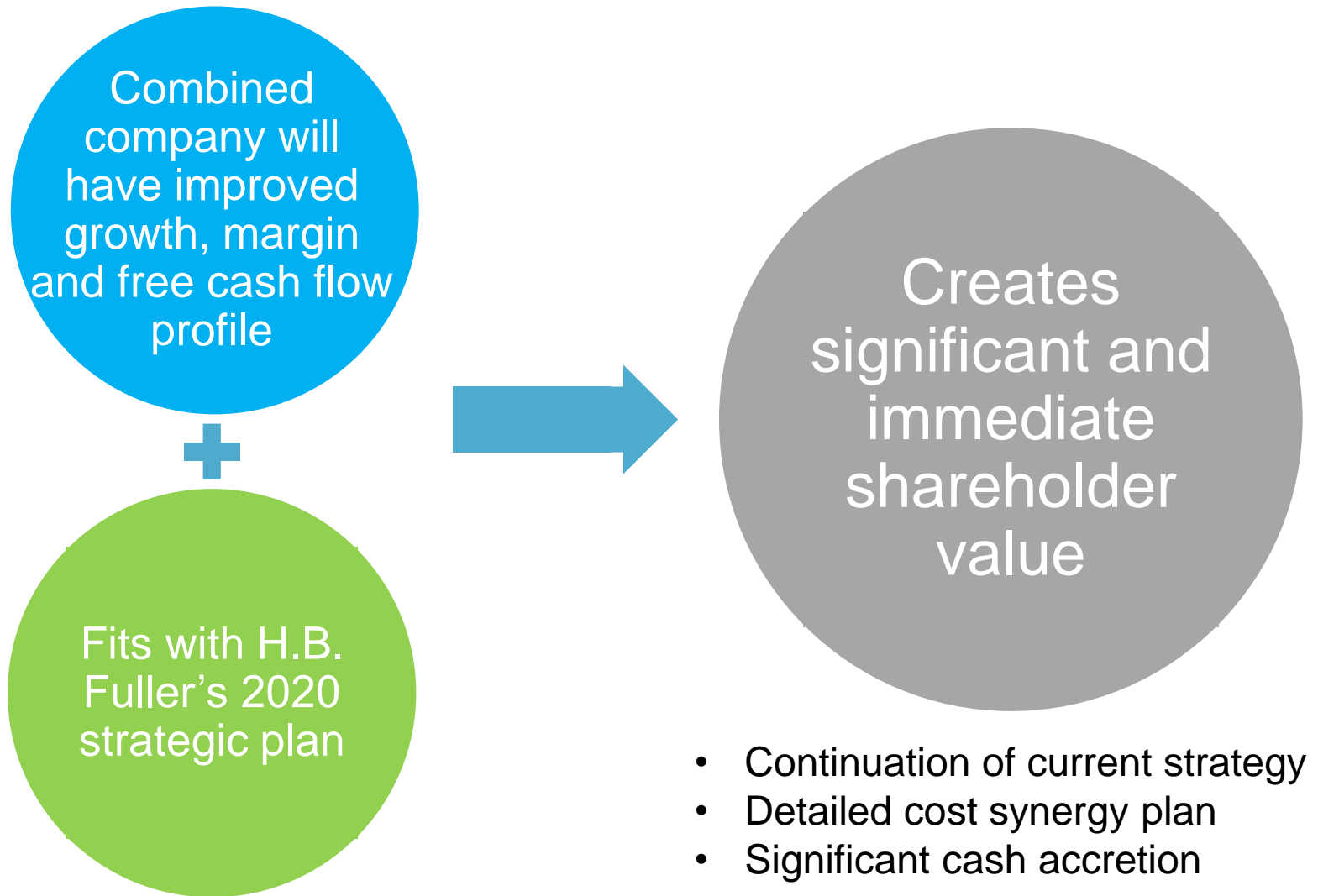
- EPS grew sequentially as expected
- Strong constant currency growth of 11%; volume growth of 6%
- Pricing actions helped drive higher EBITDA sequentially
- SG&A costs managed well across all segments

Q3 2017 Focus Areas

- Implemented price increases, reformulations and product substitutions
- Improve profitability of Construction Products
- Double digit volume growth in Engineering Adhesives and high single digit growth in Asia Pacific and Americas



H.B. Fuller to Acquire Royal Adhesives & Sealants



Hurricane Harvey

- Employees safe; Employees, with support of the H.B. Fuller Foundation are helping those in need
- Production halted at facilities in Gulf Region
 - Minimal facility damage
 - Lost 1 weeks worth of revenue and production
- Supply chain remains constrained due to logistics
- Estimated impact of \$0.02 per diluted share in Q3, estimated impact in Q4 is factored into guidance



Segment Summary

EIMEA

- CC Revenue Growth 10% YOY
- Adjusted EBITDA 12.1%

Americas Adhesives

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

Asia Pacific

- CC Revenue Growth 10.4% YOY
- Adjusted EBITDA margin 8%

Engineering Adhesives

- Organic volume +18% YOY
- Adjusted EBITDA up 30% YOY; 100bps growth in margin

Construction Products

- Closed facilities in Gulf hampered growth efforts
- Adjusted EBITDA margin ~10%



Q3 2017 Financial Results Summary

- Constant currency revenue grew 11.3% year-over-year
 - Volume +6%, Positive in 4 of 5 segments
 - Pricing positive 1.6% YOY
- Negative foreign currency of 1.5% from emerging economies
- Adjusted gross margin declined versus prior year; driven by increased raw material cost
- Adjusted SG&A up 4% YOY; down slightly when adjusting for acquisitions, driven by restructuring benefit and discretionary expense control
- Adjusted EPS of \$0.65, inline with guidance



Fiscal Year Guidance

- Net revenue growth of +6%
 - Constant currency growth of 10%
 - With 4% from acquisitions
 - Negative 2% impact due to currency
 - Extra week reduces rate by 2%
- EBITDA of \$290 million
- Strong cash flow from operations of approximately \$175-\$185 million
 - Capex expectation of ~\$50 million
- EPS guidance range of \$2.57-\$2.62, +6-8% growth versus a comparable 52 week 2016



Wrap-Up

- Progress made on key 2017 initiatives
 - Delivered volume growth in Americas
 - Drove exceptional growth in Engineering Adhesives
 - Improved Construction Products EBITDA margin
- Delivering results despite volatile external factors
- Pricing implemented successfully to offset raw materials
- Restructuring actions driving SG&A savings
- Poised to capture value from Royal acquisition





H.B. Fuller



Regulation G – Q3 2017 Proforma P&L

	Three Months Ended September 2, 2017	% of Net Revenue	Adjustment s	Adjusted Three Months Ended September 2, 2017	% of Net Revenue
Net revenue	\$ 562,869	100.0%	\$	\$ 562,869	100.0%
Cost of sales	<u>(412,469)</u>	<u>(73.3%)</u>	<u>(2,022)</u>	<u>(410,447)</u>	<u>(72.9%)</u>
Gross profit	150,400	26.7%	(2,022)	152,422 ⁴	27.1%
Selling, general and administrative expenses	(110,219)	(19.6%)	(9,795)	(100,424) ⁵	(17.9%)
Other income (expense), net	150	0.0%	-	150	0.0%
Interest expense	<u>(8,100)</u>	<u>(1.4%)</u>	<u>(72)</u>	<u>(8,028)</u>	<u>(1.4%)</u>
Income before income taxes and income from equity method investments	32,231	5.7%	(11,889)	44,120	7.8%
Income taxes	(9,262)	(1.6%)	3,709	(12,971)	(2.3%)
- Effective tax rate	28.7%		31.2%	29.4%	
Income from equity method investments	<u>2,170</u>	<u>0.4%</u>	<u> </u>	<u>2,170</u>	<u>0.4%</u>
Net income including non-controlling interests	25,139	4.5%	(8,180)	33,319	5.9%
Net income attributable to non-controlling interests	<u>(1)</u>	<u>(0.0%)</u>	<u> </u>	<u>(1)</u>	<u>(0.0%)</u>
Net income attributable to H.B. Fuller	<u>\$ 25,138</u>	<u>4.5%</u>	<u>\$ (8,180)</u>	<u>\$ 33,318</u>	<u>5.9%</u>
Basic income per common share attributable to H.B. Fuller	<u>\$ 0.50</u>		<u>\$ (0.16)</u>	<u>\$ 0.66</u>	
Diluted income per common share attributable to H.B. Fuller ^a	<u>\$ 0.49</u>		<u>\$ (0.16)</u>	<u>\$ 0.65¹</u>	
Weighted-average common shares outstanding:					
Basic	50,384		50,384	50,384	
Diluted	51,605		51,605	51,605	



Regulation G – Q3 2016 Proforma P&L

	Three Months Ended August 27, 2016	% of Net Revenue	Adjustment	Adjusted Three Months Ended August 27, 2016	% of Net Revenue
Net revenue	\$ 512,858	100.0%	\$ -	\$ 512,858	100.0%
Cost of sales	<u>(366,737)</u>	<u>(71.5%)</u>	<u>(1,027)</u>	<u>(365,710)</u>	<u>(71.3%)</u>
Gross profit	146,121	28.5%	(1,027)	147,148 ⁴	28.7%
Selling, general and administrative expenses	(97,692)	(19.0%)	(908)	(96,784) ⁵	(18.8%)
Acquisition and transformation related costs	(55)				
Facility exit costs	<u>2,862</u>				
Special charges, net	2,807	0.5%	2,807	-	0.0%
Other income (expense), net	(956)	(0.2%)	(684)	(272)	(0.1%)
Interest expense	<u>(6,809)</u>	<u>(1.3%)</u>	<u>(74)</u>	<u>(6,735)</u>	<u>(1.3%)</u>
Income before income taxes and income from equity method investments	43,471	8.5%	114	43,357	8.5%
Income taxes	(12,513)	(2.4%)	(507)	(12,006)	(2.3%)
- Effective tax rate	28.8%		-	27.7%	
Income from equity method investments	<u>1,840</u>	<u>0.3%</u>	<u>-</u>	<u>1,840</u>	<u>0.3%</u>
Net income including non-controlling interests	32,798	6.4%	(393)	33,191	6.5%
Net income attributable to non-controlling interests	<u>(53)</u>	<u>(0.0%)</u>	<u>-</u>	<u>(53)</u>	<u>(0.0%)</u>
Net income attributable to H.B. Fuller	<u>\$ 32,745</u>	<u>6.4%</u>	<u>\$ (393)</u>	<u>\$ 33,138</u>	<u>6.5%</u>
Basic income (loss) per common share attributable to H.B. Fuller	<u>\$ 0.65</u>		<u>\$ (0.01)</u>	<u>\$ 0.66</u>	
Diluted income (loss) per common share attributable to H.B. Fuller ^a	<u>\$ 0.64</u>		<u>\$ (0.01)</u>	<u>\$ 0.64</u> ¹	
Weighted-average common shares outstanding:					
Basic	50,261		50,261	50,261	
Diluted	51,453		51,453	51,453	



Regulation G – YTD Q3 2017 Proforma P&L

	Nine Months Ended September 2, 2017	% of Net Revenue	Adjustment s	Adjusted Nine Months Ended September 2, 2017	% of Net Revenue
Net revenue	\$ 1,627,843	100.0%	\$	\$ 1,627,843	100.0%
Cost of sales	<u>(1,192,409)</u>	<u>(73.3%)</u>	<u>(13,953)</u>	<u>(1,178,456)</u>	<u>(72.4%)</u>
Gross profit	435,434	26.7%	(13,953)	449,387 ⁴	27.6%
Selling, general and administrative expenses	(325,904)	(20.0%)	(18,841)	(307,063) ⁵	(18.9%)
Other income (expense), net	661	0.0%	-	661	0.0%
Interest expense	<u>(24,628)</u>	<u>(1.5%)</u>	<u>(213)</u>	<u>(24,415)</u>	<u>(1.5%)</u>
Income before income taxes and income from equity method investments	85,563	5.2%	(33,007)	118,570	7.2%
Income taxes	(26,178)	(1.6%)	8,796	(34,974)	(2.1%)
- Effective tax rate	30.6%		26.6%	29.5%	
Income from equity method investments	<u>6,449</u>	<u>0.4%</u>	<u>-</u>	<u>6,449</u>	<u>0.4%</u>
Net income including non-controlling interests	65,834	4.0%	(24,211)	90,045	5.5%
Net income attributable to non-controlling interests	<u>(34)</u>	<u>(0.0%)</u>	<u>-</u>	<u>(34)</u>	<u>(0.0%)</u>
Net income attributable to H.B. Fuller	<u>\$ 65,800</u>	<u>4.0%</u>	<u>\$ (24,211)</u>	<u>\$ 90,011</u>	<u>5.5%</u>
Basic income per common share attributable to H.B. Fuller	<u>\$ 1.31</u>		<u>\$ (0.48)</u>	<u>\$ 1.79</u>	
Diluted income per common share attributable to H.B. Fuller ^a	<u>\$ 1.28</u>		<u>\$ (0.47)</u>	<u>\$ 1.74¹</u>	
Weighted-average common shares outstanding:					
Basic	50,374		50,374	50,374	
Diluted	51,584		51,584	51,584	



Regulation G – YTD Q3 2016 Proforma P&L

	Nine Months Ended August 27, 2016	% of Net Revenue	Adjustments	Adjusted Nine Months Ended August 27, 2016	% of Net Revenue
Net revenue	\$ 1,519,698	100.0%	\$ -	\$ 1,519,698	100.0%
Cost of sales	<u>(1,077,716)</u>	<u>(70.9%)</u>	<u>(3,899)</u>	<u>(1,073,817)</u>	<u>(70.7%)</u>
Gross profit	441,982	29.1%	(3,899)	445,881 ⁴	29.3%
Selling, general and administrative expenses	(301,143)	(19.8%)	(1,823)	(299,320) ⁵	(19.7%)
Acquisition and transformation related costs	(242)				
Workforce reduction costs	1				
Facility exit costs	2,455				
Other related costs	<u>(190)</u>				
Special charges	2,024	0.1%	2,024	-	0.0%
Other income (expense), net	(7,603)	(0.5%)	(684)	(6,919)	(0.5%)
Interest expense	<u>(19,714)</u>	<u>(1.3%)</u>	<u>(222)</u>	<u>(19,492)</u>	<u>(1.3%)</u>
Income before income taxes and income from equity method investments	115,546	7.6%	(4,604)	120,150	7.9%
Income taxes	(35,563)	(2.3%)	496	(36,059)	(2.4%)
- Effective tax rate	30.8%		10.8%	30.0%	
Income from equity method investments	<u>5,172</u>	<u>0.3%</u>	<u>-</u>	<u>5,172</u>	<u>0.3%</u>
Net income including non-controlling interests	85,155	5.6%	(4,108)	89,263	5.9%
Net loss attributable to non-controlling interests	<u>(161)</u>	<u>(0.0%)</u>	<u>-</u>	<u>(161)</u>	<u>(0.0%)</u>
Net income attributable to H.B. Fuller	<u>\$ 84,994</u>	<u>5.6%</u>	<u>\$ (4,108)</u>	<u>\$ 89,102</u>	<u>5.9%</u>
Basic income per common share attributable to H.B.Fuller	<u>\$ 1.70</u>		<u>\$ (0.08)</u>	<u>\$ 1.78¹</u>	
Diluted income per common share attributable to H.B. Fuller	<u>\$ 1.66</u>		<u>\$ (0.08)</u>	<u>\$ 1.74¹</u>	
Weighted-average common shares outstanding:					
Basic	50,122		50,122	50,122	
Diluted	51,234		51,234	51,234	



Regulation G –EPS Adjustments

	Three Months ended September 2, 2017			Three Months ended August 27, 2016		
	Income before Income Tax	Income Taxes	Diluted EPS	Income before Income Tax	Income Taxes	Diluted EPS
GAAP Earnings	\$ 34,400	\$ 9,262	\$ 0.49	\$ 45,258	\$ 12,513	\$ 0.64
Acquisition project costs ^b	7,375	2,578	0.09	725	23	0.01
Tonsan call option agreement ^c	1,222	-	0.02	163	-	-
Organizational Realignment ^d	1,492	661	0.02	(2,389)	(772)	(0.03)
Other ^e	1,800	470	0.03	1,387	242	0.02
Adjusted Earnings	<u>\$ 46,289</u>	<u>\$ 12,971</u>	<u>\$ 0.65</u>	<u>\$ 45,144</u>	<u>\$ 12,006</u>	<u>\$ 0.64</u>

	Nine Months ended September 2, 2017			Nine Months ended August 27, 2016		
	Income before Income Tax	Income Taxes	Diluted EPS	Income before Income Tax	Income Taxes	Diluted EPS
GAAP Earnings	\$ 91,978	\$ 26,178	\$ 1.28	\$ 120,557	\$ 35,563	\$ 1.66
Acquisition project costs ^b	10,574	3,681	0.13	2,132	499	0.03
Tonsan call option agreement ^c	(2,241)	-	(0.04)	(197)	-	-
Organizational Realignment ^d	18,946	4,114	0.29	567	(487)	0.02
Other ^e	5,728	1,001	0.09	2,102	484	0.03
Adjusted Earnings	<u>\$ 124,985</u>	<u>\$ 34,974</u>	<u>\$ 1.74</u>	<u>\$ 125,161</u>	<u>\$ 36,059</u>	<u>\$ 1.74</u>

b Costs related to integrating and accounting for acquisitions

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

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

e Costs related to Project ONE development costs and discrete tax items



Regulation G – Q3 Segment Information

	Three Months Ended September 2, 2017	Three Months Ended August 27, 2016
Net Revenue:		
Americas Adhesives	\$ 230,881	\$ 198,957
EIMEA	137,408	130,619
Asia Pacific	62,972	57,488
Construction Products	59,080	64,402
Engineering Adhesives	72,528	61,392
Total H.B. Fuller	<u>\$ 562,869</u>	<u>\$ 512,858</u>
Segment Operating Income:⁶		
Americas Adhesives	\$ 26,664	\$ 31,900
EIMEA	9,900	8,430
Asia Pacific	2,822	2,510
Construction Products	955	2,093
Engineering Adhesives	4,591	3,496
Corporate Transaction Costs	(4,751)	-
Total H.B. Fuller	<u>\$ 40,181</u>	<u>\$ 48,429</u>
Depreciation Expense:		
Americas Adhesives	\$ 3,401	\$ 3,583
EIMEA	3,955	3,689
Asia Pacific	1,492	1,569
Construction Products	1,966	1,327
Engineering Adhesives	1,591	1,495
Total H.B. Fuller	<u>\$ 12,405</u>	<u>\$ 11,663</u>
Amortization Expense:		
Americas Adhesives	\$ 1,799	\$ 1,075
EIMEA	1,138	1,143
Asia Pacific	413	536
Construction Products	2,300	2,327
Engineering Adhesives	2,249	1,942
Total H.B. Fuller	<u>\$ 7,899</u>	<u>\$ 7,023</u>
EBITDA:³		
Americas Adhesives	\$ 31,864	\$ 36,558
EIMEA	14,993	13,262
Asia Pacific	4,727	4,615
Construction Products	5,221	5,747
Engineering Adhesives	8,431	6,933
Corporate Transaction Costs	(4,751)	-
Total H.B. Fuller	<u>\$ 60,485</u>	<u>\$ 67,115</u>
Segment Operating Margin:⁶		
Americas Adhesives	11.5%	16.0%
EIMEA	7.2%	6.5%
Asia Pacific	4.5%	4.4%
Construction Products	1.6%	3.3%
Engineering Adhesives	6.3%	5.7%
Corporate Transaction Costs	NMP	-
Total H.B. Fuller	<u>7.1%</u>	<u>9.4%</u>
EBITDA Margin:³		
Americas Adhesives	13.8%	18.4%
EIMEA	10.9%	10.2%
Asia Pacific	7.5%	8.0%
Construction Products	8.8%	8.9%
Engineering Adhesives	11.6%	11.3%
Corporate Transaction Costs	NMP	-
Total H.B. Fuller	<u>10.7%</u>	<u>13.1%</u>
Adjusted EBITDA³		
Americas Adhesives	\$ 34,790	\$ 36,470
EIMEA	16,629	13,616
Asia Pacific	5,110	5,195
Construction Products	5,669	5,716
Engineering Adhesives	10,030	7,732
Total H.B. Fuller	<u>\$ 72,228</u>	<u>\$ 68,729</u>
Adjusted EBITDA Margin³		
Americas Adhesives	15.1%	18.3%
EIMEA	12.1%	10.4%
Asia Pacific	8.1%	9.0%
Construction Products	9.6%	8.9%
Engineering Adhesives	13.8%	12.6%
Total H.B. Fuller	<u>12.8%</u>	<u>13.4%</u>



Regulation G – YTD Q3 Segment Information

H.B. FULLER COMPANY AND SUBSIDIARIES SEGMENT FINANCIAL INFORMATION In thousands (unaudited)

	Nine Months Ended September 2, 2017		Nine Months Ended August 27, 2016	
Net Revenue:				
Americas Adhesives	\$	653,665	\$	588,422
EIMEA		396,674		394,807
Asia Pacific		190,083		171,467
Construction Products		179,880		192,111
Engineering Adhesives		207,541		172,891
Total H.B. Fuller	\$	<u>1,627,843</u>	\$	<u>1,519,698</u>
Segment Operating Income:⁶				
Americas Adhesives	\$	74,152	\$	94,043
EIMEA		19,779		25,620
Asia Pacific		9,452		9,299
Construction Products		(1,581)		5,412
Engineering Adhesives		12,479		6,465
Corporate Transaction Costs		(4,751)		-
Total H.B. Fuller	\$	<u>109,530</u>	\$	<u>140,839</u>
Depreciation Expense:				
Americas Adhesives	\$	10,434	\$	10,852
EIMEA		11,269		12,897
Asia Pacific		4,883		4,496
Construction Products		5,127		3,928
Engineering Adhesives		4,662		4,558
Total H.B. Fuller	\$	<u>36,375</u>	\$	<u>36,730</u>
Amortization Expense:				
Americas Adhesives	\$	4,958	\$	3,111
EIMEA		3,272		3,424
Asia Pacific		1,293		1,127
Construction Products		6,912		6,975
Engineering Adhesives		6,693		5,872
Total H.B. Fuller	\$	<u>23,128</u>	\$	<u>20,509</u>
EBITDA:³				
Americas Adhesives	\$	89,544	\$	108,006
EIMEA		34,320		41,941
Asia Pacific		15,628		14,921
Construction Products		10,458		16,315
Engineering Adhesives		23,834		16,895
Corporate Transaction Costs		(4,751)		-
Total H.B. Fuller	\$	<u>169,033</u>	\$	<u>198,078</u>
Segment Operating Margin:⁶				
Americas Adhesives		11.3%		16.0%
EIMEA		5.0%		6.5%
Asia Pacific		5.0%		5.4%
Construction Products		(0.9%)		2.8%
Engineering Adhesives		6.0%		3.7%
Corporate Transaction Costs		NMP		-
Total H.B. Fuller		<u>6.7%</u>		<u>9.3%</u>
EBITDA Margin:³				
Americas Adhesives		13.7%		18.4%
EIMEA		8.7%		10.6%
Asia Pacific		8.2%		8.7%
Construction Products		5.8%		8.5%
Engineering Adhesives		11.5%		9.8%
Corporate Transaction Costs		NMP		-
Total H.B. Fuller		<u>10.4%</u>		<u>13.0%</u>
Adjusted EBITDA³				
Americas Adhesives	\$	98,431	\$	108,554
EIMEA		44,756		42,873
Asia Pacific		17,901		15,884
Construction Products		17,004		16,506
Engineering Adhesives		23,222		17,372
Total H.B. Fuller	\$	<u>201,314</u>	\$	<u>201,189</u>
Adjusted EBITDA Margin³				
Americas Adhesives		15.1%		18.4%
EIMEA		11.3%		10.9%
Asia Pacific		9.4%		9.3%
Construction Products		9.5%		8.6%
Engineering Adhesives		11.2%		10.0%
Total H.B. Fuller		<u>12.4%</u>		<u>13.2%</u>



Revenue Growth Components

Three Months Ended September 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	0.2%	5.6%	0.2%	0.2%	0.0%	1.6%
Volume	6.3%	4.4%	9.4%	(8.9%)	18.3%	5.7%
Mix	(0.4%)	(0.4%)	0.8%	0.6%	(1.1%)	(0.2%)
Acquisition	<u>10.6%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.7%</u>	<u>4.2%</u>
Constant Currency Growth ²	16.7%	9.6%	10.4%	(8.1%)	17.9%	11.3%
F/X	(0.7%)	(4.4%)	(0.9%)	(0.2%)	0.2%	(1.5%)
	<u>16.0%</u>	<u>5.2%</u>	<u>9.5%</u>	<u>(8.3%)</u>	<u>18.1%</u>	<u>9.8%</u>

Nine Months Ended September 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	(0.8%)	4.1%	(1.0%)	(0.1%)	(1.9%)	0.4%
Volume	4.8%	4.9%	11.5%	(6.3%)	20.8%	6.0%
Mix	(1.1%)	0.0%	(0.8%)	(0.2%)	(0.4%)	(0.6%)
Acquisition	<u>8.7%</u>	<u>0.0%</u>	<u>3.9%</u>	<u>0.0%</u>	<u>4.5%</u>	<u>4.3%</u>
Constant Currency Growth ²	11.6%	9.0%	13.6%	(6.6%)	23.0%	10.1%
F/X	(0.5%)	(8.5%)	(2.7%)	0.2%	(3.0%)	(3.0%)
	<u>11.1%</u>	<u>0.5%</u>	<u>10.9%</u>	<u>(6.4%)</u>	<u>20.0%</u>	<u>7.1%</u>

