

FULLER H B CO  
Form 10-Q  
June 29, 2018

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**UNITED STATES**

**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**FORM 10-Q**

(Mark One)

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

**For the quarterly period ended June 2, 2018**

**OR**

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE  
ACT OF 1934**

**For the transition period from to**

**Commission file number: 001-09225**

**H.B. FULLER COMPANY**

(Exact name of registrant as specified in its charter)

**Minnesota**

**41-0268370**

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

**1200 Willow Lake Boulevard, St. Paul, Minnesota**

**55110-5101**

(Address of principal executive offices)

(Zip Code)

**(651) 236-5900**

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company)

Smaller reporting company

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

Yes  No

The number of shares outstanding of the Registrant's Common Stock, par value \$1.00 per share, was 50,612,407 as of June 22, 2018.

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H.B. Fuller Company

Quarterly Report on Form 10-Q

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(In thousands, except per share amounts)

(Unaudited)

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 2, 2018</b>	<b>June 3, 2017</b>	<b>June 2, 2018</b>	<b>June 3, 2017</b>
<b>Net revenue</b>	<b>\$789,387</b>	\$561,651	<b>\$1,502,466</b>	\$1,064,974
Cost of sales	(567,002)	(415,613)	(1,092,376)	(779,940)
Gross profit	<b>222,385</b>	146,038	<b>410,090</b>	285,034
Selling, general and administrative expenses	(145,199)	(102,770)	(296,219)	(215,685)
<b>Operating income</b>	<b>77,186</b>	43,268	<b>113,871</b>	69,349
Other income (expense), net	<b>3,850</b>	(929)	<b>4,883</b>	(903)
Interest expense, net	(25,223)	(7,329)	(49,727)	(15,114)
<b>Income before income taxes and income from equity method investments</b>	<b>55,813</b>	35,010	<b>69,027</b>	53,332
Income taxes	(13,488)	(11,151)	<b>19,144</b>	(16,916)
Income from equity method investments	<b>2,139</b>	2,005	<b>3,960</b>	4,279
<b>Net income including non-controlling interests</b>	<b>44,464</b>	25,864	<b>92,131</b>	40,695
Net income (loss) attributable to non-controlling interests	(13)	3	<b>2</b>	(33)
<b>Net income attributable to H.B. Fuller</b>	<b>\$44,451</b>	\$25,867	<b>\$92,133</b>	\$40,662
<b>Earnings per share attributable to H.B. Fuller common stockholders:</b>				
Basic	0.88	0.51	1.82	0.81
Diluted	0.86	0.50	1.78	0.79
<b>Weighted-average common shares outstanding:</b>				
Basic	<b>50,551</b>	50,496	<b>50,511</b>	50,369
Diluted	<b>51,846</b>	51,686	<b>51,872</b>	51,573
<b>Dividends declared per common share</b>	<b>\$0.155</b>	\$0.15	<b>\$0.305</b>	\$0.29

See  
accompanying  
Notes to  
Unaudited  
Condensed  
Consolidated

Financial  
Statements.

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**H.B. FULLER  
COMPANY  
AND  
SUBSIDIARIES**  
Condensed  
Consolidated  
Statements of  
Comprehensive  
Income

(In thousands)

(Unaudited)

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 2, 2018</b>	<b>June 3, 2017</b>	<b>June 2, 2018</b>	<b>June 3, 2017</b>
<b>Net income including non-controlling interests</b>	<b>\$44,464</b>	<b>\$25,864</b>	<b>\$92,131</b>	<b>\$40,695</b>
Other comprehensive income (loss)				
Foreign currency translation	(40,757)	18,513	(19,302)	7,994
Defined benefit pension plans adjustment, net of tax	1,660	1,593	3,320	3,183
Interest rate swaps, net of tax	4,584	10	20,536	20
Cash-flow hedges, net of tax	(12 )	(23 )	(6,853 )	106
<b>Other comprehensive income (loss)</b>	<b>(34,525)</b>	<b>20,093</b>	<b>(2,299 )</b>	<b>11,303</b>
Comprehensive income	<b>9,939</b>	<b>45,957</b>	<b>89,832</b>	<b>51,998</b>
Less: Comprehensive (loss) income attributable to non-controlling interests	<b>8</b>	<b>3</b>	<b>(20 )</b>	<b>34</b>
<b>Comprehensive income attributable to H.B. Fuller</b>	<b>\$9,931</b>	<b>\$</b>		