

FULLER H B CO
Form 10-Q
March 29, 2019

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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 March 2, 2019

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

(State or other jurisdiction of

41-0268370

(I.R.S.

Employer

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incorporation or organization) 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 every Interactive Data File required to be submitted 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 such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth 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 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 50,885,501 as of March 25, 2019.

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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)

	Three Months Ended	
	March 2, 2019	March 3, 2018
Net revenue	\$672,935	\$713,079
Cost of sales	(493,010)	(527,566)
Gross profit	179,925	185,513
Selling, general and administrative expenses	(145,713)	(152,707)
Other income (expense), net	3,365	4,912
Interest expense	(26,807)	(27,545)
Interest income	3,053	3,041
Income before income taxes and income from equity method investments	13,823	13,214
Income taxes	(3,140)	32,632
Income from equity method investments	1,565	1,821
Net income including non-controlling interest	12,248	47,667
Net (loss) income attributable to non-controlling interest	(4)	15
Net income attributable to H.B. Fuller	\$12,244	\$47,682
 Earnings per share attributable to H.B. Fuller common stockholders:		
Basic	0.24	0.94
Diluted	0.24	0.92
 Weighted-average common shares outstanding:		
Basic	50,752	50,471
Diluted	51,901	51,898
 Dividends declared per common share	\$0.155	\$0.150

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)

	Three Months Ended	
	March 2, 2019	March 3, 2018
Net income including non-controlling interest	\$12,248	\$47,667
Other comprehensive income (loss)		
Foreign currency translation	17,699	21,455
Defined benefit pension plans adjustment, net of tax	1,482	1,660
Interest rate swaps, net of tax	(11,444)	15,952
Cash flow hedges, net of tax	4,086	(6,841)
Other comprehensive income	11,823	32,226
Comprehensive income	24,071	79,893
Less: Comprehensive income (loss) attributable to non-controlling interest	10	(28)
Comprehensive income attributable to H.B. Fuller	\$24,061	\$79,921

See
accompanying
Notes to
Unaudited
Condensed
Consolidated
Financial
Statements.

Table of Contents**H.B. FULLER
COMPANY
AND
SUBSIDIARIES****Condensed
Consolidated
Balance Sheets**
(In thousands,
except share and
per share
amounts)**(Unaudited)**

	March 2, 2019	December 1, 2018
Assets		
Current assets:		
Cash and cash equivalents	\$113,476	\$150,793
Trade receivables (net of allowances of \$14,235 and \$14,017, as of March 2, 2019 and December 1, 2018, respectively)	478,326	495,008
Inventories	386,725	348,461
Other current assets	114,138	95,657
Total current assets	1,092,665	1,089,919
Property, plant and equipment	1,322,466	1,303,590
Accumulated depreciation	(685,148)	(667,041)
Property, plant and equipment, net	637,318	636,549
Goodwill	1,314,615	1,305,171
Other intangibles, net	892,391	908,151
Other assets	229,111	236,524
Total assets	\$4,166,100	\$4,176,314
Liabilities, non-controlling interest and total equity		
Current liabilities:		
Notes payable	\$17,839	\$14,770
Current maturities of long-term debt	71,225	91,225
Trade payables	284,910	273,378
Accrued compensation	59,655	78,384
Income taxes payable	16,001	12,578
Other accrued expenses	71,245	75,788
Total current liabilities	520,875	546,123
Long-term debt, excluding current maturities	2,146,152	2,141,532

Accrued pension liabilities
Other liabilities

69,488

70,680