
Business News
(<http://www.hbfuller.com/asia-pacific/news-and-events/newsroom/business>)

View All News Releases
(<http://www.hbfuller.com/asia-pacific/news-and-events/newsroom>)

Next (<http://www.hbfuller.com/asia-pacific/news-and-events/newsroom/corporate/346215192.html>)
»

Corporate News
(<http://www.hbfuller.com/asia-pacific/news-and-events/newsroom/corporate>)

H.B. Fuller Reports Fourth Quarter 2015 Results

January 13, 2016

Fourth Quarter Adjusted Diluted EPS \$0.69¹;

Fourth Quarter Diluted EPS \$0.49;

Fiscal Year 2016 Adjusted Diluted EPS Guidance Set at \$2.40 to \$2.60

ST. PAUL, Minn. – H.B. Fuller Company (NYSE: FUL) today reported financial results for the fourth quarter that ended November 28, 2015.

Items of Note for the Fourth Quarter of 2015:

- Adjusted EBITDA² of \$79 million, a record quarter;
- Adjusted EBITDA margin² of 14.4 percent, up 220 basis points year-over-year; highest quarterly EBITDA margin achieved in past 8 years;
- Strong operating cash flow and free cash flow; cash flow from operations of \$57 million in the fourth quarter and \$211 million in the 2015 fiscal year;
- Constant currency revenue increased 5.0 percent compared to the prior year, driven by strong growth in Asia Pacific and Construction Products operating segments;
- Adjusted gross profit margin³ increased 390 basis points year-over-year.

Items of Note for 2016 Guidance:

- Modest net revenue growth of approximately 1 percent, with about 4 percent constant currency growth offset by expected 3 percent negative foreign currency translation;

- Adjusted diluted EPS plan of \$2.40 to \$2.60, an increase of approximately 15 percent versus the 2015 fiscal year;
- Adjusted EBITDA of about \$290 million, up about 100 basis points as a percentage of net revenue;
- Core tax rate of 33 percent; Capital expenditures planned at \$60 million;
- 2020 strategic plan to be unveiled at upcoming investor day on February 3, 2016, at Grand Hyatt Hotel in New York.

Fiscal 2016 Guidance:

We are introducing earnings guidance for the 2016 fiscal year. We expect net revenue of about \$2.1 billion for the full year, which represents approximately 4 percent constant currency growth, offset by approximately 3 percent in expected negative foreign currency translation. Solid growth is planned for the Asia Pacific and Construction Products segments – the Asia Pacific region benefits from a full year of the acquired TONSAN business. The EIMEA and Americas Adhesives segments also are expected to return to low single-digit constant currency growth. Our target for full-year adjusted EBITDA is about \$290 million, with a full-year EBITDA margin of about 14 percent. The primary driver of the EBITDA increase will be improvements in operational efficiency across all segments and the carryover benefit of lower raw material costs experienced in the second half of 2015. Based on our current plan for the geographic mix of our earnings, our core tax rate is expected to be 33 percent in 2016. We plan capital expenditures of about \$60 million in 2016. The most significant capital projects for the year include the completion of our network expansion and upgrade for the Construction Products segment and the completion of our new greenfield site for adhesives production in Indonesia. Finally, we expect diluted EPS in a range of \$2.40 to \$2.60, which excludes non-recurring items, an improvement of 15 percent at the mid-point versus the 2015 fiscal year.

We have scheduled an Investor Event for February 3, 2016, in New York (also webcast). At that time, we will provide a comprehensive update on current business conditions as well as introduce a refreshed strategic plan looking forward to 2020.

Fourth Quarter 2015 Results:

Net income for the fourth quarter of 2015 was \$25.0 million, or \$0.49 per diluted share, versus net income of \$10.7 million, or \$0.21 per diluted share, in last year's fourth quarter. Adjusted diluted earnings per share were \$0.69¹, up about 8 percent versus the prior year's adjusted result of \$0.64¹.

Net revenue for the fourth quarter of 2015 was \$548.1 million, up 0.1 percent versus the fourth quarter of 2014. Higher volume and higher average selling prices positively impacted net revenue growth by 4.8 and 0.2 percentage points, respectively. Foreign currency translation negatively impacted net revenue growth by 4.9 percentage points. Constant currency revenue grew by 5.0 percent year-over-year.

Adjusted gross profit margin³ was up 390 basis points versus the prior year, driven primarily by the benefit of effective price management and raw material cost management. Adjusted SG&A expense⁴ was up about 13 percent versus last year primarily due to the SG&A added by the TONSAN acquisition. Adjusted EBITDA² in the fourth quarter was \$79.2 million and 14.4 percent of adjusted net revenue⁵, up 18 percent and 220 basis points, respectively, from the prior year.

"We made solid progress on our path of continuous improvement in financial and operational results," said Jim Owens, H.B. Fuller president and chief executive officer. "We met our revenue and profit expectations in the final quarter of the year, delivering EBITDA dollars at an all-time high. EBITDA margin was at 14.4 percent and all four of our segments exceeded 10 percent. Cash flow performance remained strong. Overall it was a year of building momentum with Europe strengthening each quarter, Tonsan integrating well and growing as planned and the Americas beginning to rebound from revenue declines caused by last year's SAP issues. For 2016 our focus will be to build positive growth in our core Americas and EIMEA operating segments, while continuing to deliver the margin improvements we have committed to as part of our strategic plan. We are optimistic that the positive momentum created in 2015 will continue into 2016."

Balance Sheet and Cash Flow:

At the end of the fourth quarter of 2015, we had cash totaling \$119 million and total debt of \$723 million. This compares to third quarter 2015 cash and debt levels of \$86 million and \$728 million, respectively. Sequentially, net debt was

down by \$38 million. Cash flow from operations was positive \$57 million in the fourth quarter and \$211 million for the year-to-date. Capital expenditures were \$10 million in the fourth quarter and \$59 million for the year.

Fiscal Year 2015 Results:

Income from continuing operations for the 2015 fiscal year was \$88.4 million, or \$1.71 per diluted share, versus income from continuing operations of \$50.2 million, or \$0.97 per diluted share, in the 2014 fiscal year. Adjusted total diluted earnings per share in the 2015 fiscal year were \$2.17¹, down versus the prior year's result of \$2.33¹. Lower revenue in the Americas, the adverse impact of foreign exchange rates, high operating costs in our EIMEA segment and a higher core tax rate were key drivers of the year-over-year decline in adjusted diluted EPS. These negative factors were mostly offset by the successful integration of the TONSAN business and effective price and raw material cost management.

Net revenue for the 2015 fiscal year was \$2,083.7 million, down 1.0 percent versus the 2014 fiscal year. Higher volume and higher average selling prices positively impacted net revenue growth by 4.5 and 0.5 percentage points, respectively. Constant currency revenue grew by 5.0 percent year-over-year. Foreign currency translation negatively impacted net revenue growth by 6.0 percentage points, or about \$125 million in the 2015 fiscal year.

Adjusted gross profit margin for the year was up 160 basis points to 27.7 percent, driven primarily by the benefit of effective price management and raw material cost management, offset somewhat by foreign currency translation and excess costs associated with the continuous improvement phase of the EIMEA business integration project. Adjusted SG&A expense was up 5 percent versus the prior year, but down nearly 3 percent when adjusting for the additional SG&A expense added from TONSAN. Adjusted EBITDA margin was 12.8 percent, up 100 basis points versus the 2014 fiscal year.

Conference Call:

The Company will host an investor conference call to discuss fourth quarter 2015 results on Thursday, January 14, 2016, at 9:30 a.m. Central U.S. time (10:30 a.m. Eastern U.S. time). The conference call audio and accompanying presentation slides will be available to all interested parties via a simultaneous webcast at www.hbfuller.com (<http://www.hbfuller.com>) under the [Investor](#)

[Relations \(http://phx.corporate-ir.net/phoenix.zhtml?c=117108&p=irol-irhome\)](http://phx.corporate-ir.net/phoenix.zhtml?c=117108&p=irol-irhome) section. The event is scheduled to last one hour. For those unable to listen live, an audio replay of the event along with the accompanying presentation will be archived on the Company's website.

Regulation G:

The information presented in this earnings release regarding segment operating income, earnings before interest, taxes, depreciation, and amortization (EBITDA), adjusted net revenue, adjusted gross profit margin, adjusted selling, general and administrative expense, adjusted EBITDA and adjusted diluted earnings per share 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 tables below.

About H.B. Fuller Company:

For nearly 130 years, H.B. Fuller has been a leading global adhesives provider focusing on perfecting adhesives, sealants and other specialty chemical products to improve products and lives. With fiscal 2015 net revenue of \$2.1 billion, H.B. Fuller's commitment to innovation brings together people, products and processes that answer and solve some of the world's biggest challenges. Our reliable, responsive service creates lasting, rewarding connections with customers in engineering adhesives, packaging, hygiene, electronic and assembly materials, paper converting, woodworking, construction, automotive and consumer businesses. And our promise to our people connects them with opportunities to innovate and thrive. For more information, visit us at www.hbfuller.com (<http://www.hbfuller.com>) and subscribe to our blog.

Safe Harbor for Forward-Looking Statements:

Certain statements in this document may be considered forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. These statements are subject to various risks and uncertainties,

including but not limited to the following: the Company's ability to effectively integrate and operate acquired businesses; the ability to effectively implement Project ONE; political and economic conditions; product demand; competitive products and pricing; costs of and savings from restructuring initiatives; geographic and product mix; availability and price of raw materials; the Company's relationships with its major customers and suppliers; changes in tax laws and tariffs; devaluations and other foreign exchange rate fluctuations; the impact of litigation and environmental matters; the effect of new accounting pronouncements and accounting charges and credits; and similar matters. Further information about the various risks and uncertainties can be found in the Company's SEC 10-K filing for the fiscal year ended November 29, 2014. All forward-looking information represents management's best judgment as of this date based on information currently available that in the future may prove to have been inaccurate. Additionally, the variety of products sold by the Company and the regions where the Company does business make it difficult to determine with certainty the increases or decreases in net revenue resulting from changes in the volume of products sold, currency impact, changes in product mix, and selling prices. However, management's best estimates of these changes as well as changes in other factors have been included.

[Read More](http://phx.corporate-ir.net/phoenix.zhtml?c=117108&p=irol-newsArticle&ID=2129065) (<http://phx.corporate-ir.net/phoenix.zhtml?c=117108&p=irol-newsArticle&ID=2129065>)

Contact:

Maximillian Marcy
Investor Relations Contact
651-236-5062

H.B. Fuller Company

Order Products

Products & Solutions

Just Ask Us

About Us

© 2016 H.B. Fuller

[Site Map \(/asia-pacific/site-map\)](/asia-pacific/site-map)

[Privacy Policy \(/asia-pacific/privacy\)](/asia-pacific/privacy)

[Terms & Conditions \(/asia-pacific/terms\)](/asia-pacific/terms)

[Supply Chain Transparency \(/north-america/supply-chain-transparency\)](/north-america/supply-chain-transparency)