

H.B. Fuller Poised for Global Growth with Acquisition of Royal Adhesives & Sealants

ST. PAUL, Minn., Oct. 22, 2017 (GLOBE NEWSWIRE) -- Boosting H.B. Fuller's (NYSE:FUL) problem-solving potential, the company today announces it has finalized its acquisition of Royal Adhesives & Sealants for \$1.575 billion. Few people realize the impact of adhesives. They are everywhere, making virtually any durable or consumer product better. Adhesives have the potential to make the world a better place, and H.B. Fuller is tapping adhesives in unique ways to improve a range of global issues.

H.B. Fuller, combined with Royal, deepens its expertise in specialty and high-value applications used in a range of sectors, including electronics, hygiene, medical, transportation, clean energy, construction, [and more](#). Together, the companies will enable an interconnected world, support better use of the world's finite resources, improve food security and access to clean drinking water, and address the challenges of a globally disperse and aging population.

"This is an exciting step for Royal and our network of brands," said Royal Adhesives & Sealants CEO, Ted Clark. "Combining these two businesses creates a more capable and dynamic company for our customers and employees. We complement each other, selling in adjacent markets with very little customer overlap, and that presents an interesting number of growth opportunities. We offer different technologies, expertise and capabilities. Yet, we share the same passion for solving product development challenges by discovering and applying innovations in adhesive technology."

The acquisition expands H.B. Fuller's product offering in engineering, durable assembly and construction adhesives and makes H.B. Fuller the world's largest supplier of adhesives for insulating glass and commercial roofing applications. Of the top adhesives manufacturers, H.B. Fuller is the only one singularly focused on adhesive and sealant technologies.

"We are passionate about being the best adhesives provider in the world, and we've been investing significantly over the last decade to make it a reality," said H.B. Fuller CEO Jim Owens. "With complementary adhesives expertise from Royal, we're able to make an even bigger impact on improving people's lives. Our customers will benefit from a broader portfolio and expanded development and production capabilities. We'll be a more capable and dynamic company with additional opportunities for the thousands of dedicated H.B. Fuller and Royal employees around the world. And, the acquisition accelerates our business strategy and positions us to exceed our 2020 targets."

H.B. Fuller also expects the combined businesses to deliver very strong cash flow to pay down debt at an accelerated pace. Owens adds, "With this acquisition, we have created immediate value for shareholders based on Royal's solid organic growth track record, high EBITDA margin and strong rate of cash flow conversion. Looking ahead, we will now begin our planned three-year integration, including leveraging the \$15 million in growth synergies and \$35 million in cost synergies we identified prior to closing this transaction."

A broader range of highly specified adhesives technologies

With the addition of Royal, H.B. Fuller will be able to add more value to its customers in key markets that require highly specified adhesive technology. The combined companies' comprehensive suite of products support innovative product design with the potential to touch everything from our clothes, homes and workspaces to how we communicate and travel.

For example, the electronification of cars has revolutionized vehicles from mechanical machines to electronic

devices, and it is changing how vehicles are manufactured and serviced. Together, H.B. Fuller and Royal now bring [the whole package](#) to OEMs – from electronics applications, interior trim, and interior and exterior lighting to powertrain under the hood and exterior structural bonding. Royal also brings rubber-to-metal bonding adhesives, a highly difficult application in the automotive industry.

From engineered wood applications and panel lamination to advancements in insulating glass, H.B. Fuller now has one of the world's most complete lines of durable assembly adhesive offerings. The acquisition of Royal's [KÖMMERLING](#) business—a well-established and respected provider of insulating glass and other high-value adhesive and sealant applications for manufacturers of durable goods—will enable us to leverage its well-established sales channels to deliver this technology to a broader range of customers in North America and to accelerate the introduction of insulating glass sealant innovations in China and the Asia Pacific region.

The acquisition also nearly doubles the size of [H.B. Fuller's construction adhesives](#) portfolio. Adding to H.B. Fuller's expertise in tile setting and flooring installation, Royal is the market leader in the commercial low-slope roofing category. They also add capabilities in insulation attachment and waterproof bonding. Collectively, H.B. Fuller now advances quality building construction from the floor to the roof.

H.B. Fuller has acquired Royal from affiliates of American Securities LLC, based in New York with an office in Shanghai. To learn more about the transaction, visit www.hbfuller.com/royal.

About H.B. Fuller Company:

Since 1887, 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 2017 pro forma net revenue of over \$2.8 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 electronics, disposable hygiene, medical, transportation, aerospace, clean energy, packaging, construction, woodworking, general industries and other 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.

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 Royal transaction may involve unexpected costs or liabilities; our business or stock price may suffer as a result of uncertainty surrounding the transaction; the substantial amount of debt we have incurred to finance our acquisition of Royal, our ability to repay or refinance it or incur additional debt in the future, our need for a significant amount of cash to service and repay the debt and to pay dividends on our common stock, and the effect of restrictions contained in our debt agreements that limit the discretion of management in operating the business or ability to pay dividends; various risks to stockholders of not receiving dividends and risks to our ability to pursue growth opportunities if we continue to pay dividends according to the current dividend policy; we may be unable to achieve expected synergies and operating efficiencies from the transaction within the expected time frames or at all; we may be unable to successfully integrate Royal's operations into our own, or such integration may be more difficult, time consuming or costly than expected; following the transaction, revenues may be lower than expected, and operating costs, customer loss and business disruption (including, without limitation, difficulties in maintaining relationships with employees, customers, clients or suppliers) may be greater than expected; risks that the transaction disrupts current plans and operations and the potential difficulties in employee retention as a result of the transaction; 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 December 3, 2016, and its SEC 10-Q filing for the quarter ended September 2, 2017. 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.

Editor note: Please visit the [online newsroom](#) for additional supporting content including quotes, video and photography.

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