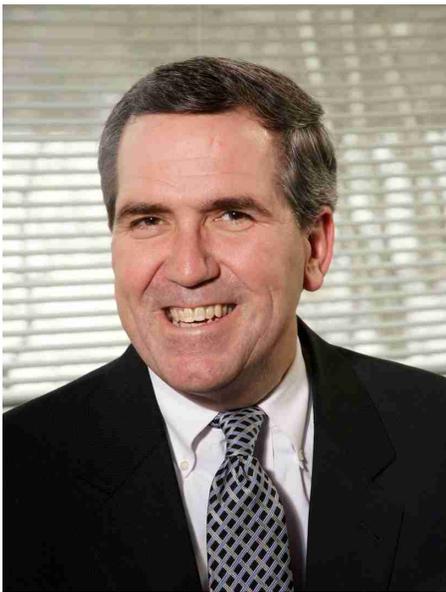


**CEO  
CFO****H.B. Fuller**Issue:  
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## In an Adhesive Industry that Serves Just About Every Existing Manufacturing Sector, H.B. Fuller Company is Focused on Growth

**Basic Materials  
Specialty Chemicals  
(FUL-NYSE)****HB Fuller Company****1200 Willow Lake Boulevard  
PO Box 64683  
St. Paul, MN 55164-0683  
Phone: 651-236-5900****James J. Owens  
President and CEO****BIO:**

James J. Owens was named president and CEO of H.B. Fuller Company in November 2011, where he is leading the company's transformation and profitable growth in its targeted markets. He joined H.B. Fuller on Sept. 2, 2008, as senior vice president of the Americas region, directing all aspects of the company's operations in its largest region.

Prior to H.B. Fuller, Owens spent 22 years with National Adhesives, a division of ICI (Imperial Chemical Industries Limited), in a variety of management positions. These included corporate vice president and general manager of the North American adhesives business; division vice president and general manager, Europe; business director for the pressure sensitive and laminating adhesives business unit; marketing manager; and technical services manager. He also ran the North America adhesives business for Henkel after its acquisition of National Adhesives.

Owens is a board member of the Adhesive and Sealant Council, the industry's premier trade association. He served from 2008 until 2010 as chairman and from 2006 until 2008 as treasurer. He holds a bachelor's degree in chemical engineering from the University of Delaware and a master's in business administration from The Wharton School, University of Pennsylvania.

**Company Profile:**

For nearly 125 years, H.B. Fuller has been a leading global adhesives provider focusing on perfecting adhesives, sealants, paints and other specialty chemical products to improve products and lives. Recognized for unmatched technical support and innovation, H.B. Fuller brings knowledge and strength to help its customers find precisely the right formulation for the right performance. With fiscal 2010 net revenue of \$1.36 billion, H.B. Fuller serves customers in packaging, hygiene, paper converting, general assembly, woodworking, construction and consumer businesses..

**Interview conducted by:  
Lynn Fosse, Senior Editor  
CEOCFOinterviews.com**

**CEOCFO:** Mr. Owens, you have been CEO for less than a year, how has H.B. Fuller changed under your leadership?

**Mr. Owens:** H.B. Fuller is a company with a long, solid tradition of success in our industry, and my challenge was to make certain that we reach our potential. We have lined out a very clear strategic path over the next five years, and based on our results the first six months; we have proven our ability to execute pretty quickly.

**CEOCFO:** What are the objectives that you have set for H.B. Fuller?

**Mr. Owens:** We have laid out two key strategic objectives. One is to grow the revenue of the company to \$2 billion by 2015, and the other is to improve our EBITDA margin to 15%. There are a whole series of steps beneath that will enable that to happen.

**CEOCFO:** How are you going about achieving your vision?

**Mr. Owens:** Growth comes by winning market share. We have identified three key market segments where we see growth opportunities and H.B. Fuller has a lot of strength. In the \$40 billion adhesive market, we have identified a few segments where we are a leader and we can grow differentially to the market and gain share. We also are under-represented in certain geographies in the world, so we think there is an opportunity for us to gain share in certain geographies where we have made some good investments in the last couple of years. There is a new plant opening in India; we have made investments in Egypt

and Malaysia. The third thing we are doing is investing heavily in our culture of innovation.

**CEOCFO:** Would you tell us about the adhesive industry, and what H.B. Fuller is planning to do that is different?

**Mr. Owens:** The adhesive industry serves just about every manufacturing sector that exists and typically if people are manufacturing things, they bond them together with adhesives. The challenge is for us to find those opportunities that leverage our strengths and enable innovation for our customers. Whether someone is making a new package, a new baby diaper or a new energy efficient window, typically there are changes in either their product design or their process, and often times those changes are enabled through innovative adhesives. Therefore, if someone wants to run their lines faster, adhesives can enable that. If someone wants to make a thinner product or a more efficient product, adhesives can enable that. That is what we do, we look to find those changes and opportunities that are out there in the market and make them a reality for our customers.

**CEOCFO:** What is an example of something that H.B. Fuller has done recently that has helped a customer?

**Mr. Owens:** A great example, one that is public, is when a major producer of snack foods wanted to launch into the market a compostable bag for their SunChips®. The SunChips bag came out initially and was very noisy, so the company got a lot of backlash. People loved the compostable bag, but did not love the fact that it was noisy. Working with product design engineers at H.B. Fuller, we were able to help the customer make bags that were still compostable with a unique film from NatureWorks, but that also had low noise. Therefore, the consumers were able to open them up in the movie theater without disturbing the neighbors next to them.

**CEOCFO:** Are most of your customers buying what is available or are a fair number coming to you for innovation?

**Mr. Owens:** There are thousands of products and they have all been customized. If somebody starts with a product that is readily available and it does not meet their needs, then that is what leads to customization. Most of our business is customization.

**CEOCFO:** H.B. Fuller did an acquisition in April; what is your philosophy there and what are you looking to add to H.B. Fuller that you might be missing now?

**Mr. Owens:** We are about improving our geographic footprint. We made

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four really good acquisitions over the last couple of years. Two of them were based on geography; one was in Egypt, one was in Malaysia. And two were technology-based. One was in flexible packaging adhesives, where people are trying to take multi-layers of film and bind them together, and one was the one you referenced, the Liquamelt acquisition in April, which is an entirely new category of adhesives. Those are the kinds of acquisitions we like, ones that enable us to leverage what we are good at in new geographies or enable us to take a piece of technology that is out there and leverage it around the world. We like all four of those acquisitions and they are typical of what you will see in the future from H.B. Fuller.

**CEOCFO:** Does there tend to be a roll-up or consolidation in the industry?

**Mr. Owens:** There is a limited amount of consolidation, but it is a very diverse, fragmented market. Given the fragmented nature of the end uses, the customers, and the technology, it is probably going to remain a highly fragmented industry.

**CEOCFO:** How have you fared in the current and recent economy?

**Mr. Owens:** Our sales in the first half of the year were up 13% and revenue was up 13%. We have said for the year our sales are going to be up 13% to 15% and operating income would be up 25% in 2011, so a pretty strong performance in a tough economic environment.

**CEOCFO:** How has H.B. Fuller been able to achieve these good results?

**Mr. Owens:** It takes a clear focus on understanding what we are good at and delivering that in the market. It is a big market out there, so we have to understand our core strengths and then leverage those in the market. We then win by gaining share, being part of new opportunities, and leveraging the things we have invested in. More than anything, it is about being focused on customers in the market and then executing with speed.

**CEOCFO:** You are growing globally; what do you see as most important in making sure everybody everywhere at H.B. Fuller is getting it right?

**Mr. Owens:** The most important thing, especially in a business like ours, is people. This is not a capital intensive business; it is a people intensive business. We look for people who understand the markets and understand their local geographies, but also understand how they fit in with a global organization. Having a team of people who are market experts and who are global in their thinking and global in their action is really what drives success in this business.

**CEO CFO:** What areas would you like to be stronger in and what will the next couple of years efforts be in that direction?

**Mr. Owens:** For us, as with most people, continuing to win in China is important. We have made two big investments in the last couple of years. One was building a new facility in Nanjing. We are the first company to have reactive hot melt adhesive technology on three continents with the opening of that plant last year. We also invested in a technology center that is developing a number of innovations—our Shanghai Technical Center, so growing there is critically important. The acquisition we made a year ago in Malaysia is helping us win in all of Southeast Asia, so betting on the successes there and then spreading them throughout the rest of the Southeast Asia is very important for us. The India plant that we announced last year will be up and running before the end of this year. Winning in India and growing our business there is, again, critically important for us. Finally, in the Middle East, we made a good acquisition in Egypt, and we have solidified our position in Turkey where we have a strong business. Therefore, winning in the Middle East is another area we have invested in and an area in which we expect to continue to strengthen. As far as future opportunities, I would say that Brazil is an area where we are growing and we can invest more there to grow even faster, and likewise in Indonesia. We are leveraging the success we have in Malaysia to increase our position in Indonesia, which is a big opportunity for us.

**CEO CFO:** As far as Egypt, how or what affect has the recent turmoil changed your plans?

**Mr. Owens:** When the revolution hit in Egypt, we were caught by surprise

just like everyone else. We had people on the ground from Europe, so we safely evacuated some people out, managed the shutdown of our facility for a few weeks and very effectively took product from around the world to support that business. That plant was supplying the surrounding region so we leveraged our facilities in Germany and the U.S. and not one customer had a problem as a result of the Egypt situation. Since then, things have gotten back to normal in Egypt. Our sales are up this year overall in Egypt, and that speaks to the strength of the business, that despite the turmoil, we have increased sales in our Egypt facility. For us, being local in an important part of the world that is developing and growing certainly has its problems. However, it has a lot of benefits when you are there and able to react and respond to the needs that our customers have as their business is taking off.

**CEO CFO:** What should people know about adhesives in the industry that most people do not realize?

**Mr. Owens:** Adhesives play a critically important role in manufacturing operations. The value added by adhesives is very high in terms of either the functionality of the product or the production efficiency of customers producing products. Adhesive is a very small volume, a relatively low cost of the overall product cost, but it's a very high value-added product—that is a critical driver as to why this is a very good and interesting business. When you run it well, it can be profitable.

**CEO CFO:** Do you do much investor outreach?

**Mr. Owens:** We do some investor outreach. We just had an investor day recently. That was in New York a couple weeks ago. I get on the road about

once a quarter, my CFO gets on the road and of course we have our IR staff.

**CEO CFO:** Why should potential investors pay attention to H.B. Fuller?

**Mr. Owens:** If you look at H.B. Fuller over the last ten years it has been relatively stagnant from a top line standpoint, with limited profit improvement. If you look at what has happened over the last two years and what our plans are to happen over the next five years, you see dramatic change in the company. Last year was our highest level of growth since 1995. We grew 10% on the top line and we had our second straight year of EPS growth. This year we are going to grow between 13% and 15%, so we have a 25% bottom line improvement. Our projections show that the company will double its EBITDA in the next couple of years. That speaks to a significant appreciation of the stock price for the company. You just have to believe two numbers to realize that H.B. Fuller stock price is going to go up dramatically. If you believe—and it is clear when you look at the details of our growth story—that our revenue will grow to \$2 billion, and if you believe that our EBITDA margin can move to 15%—and we are already doing better than that in the North American region—then you will see a significant amount of stock appreciation in the next couple years.

**CEO CFO:** Final thoughts, what should people remember most about H.B. Fuller?

**Mr. Owens:** People should remember that H.B. Fuller is a great investment with a lot of upside and has a management team that really knows how to deliver.



# H.B. Fuller

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