

FULLER H B CO  
Form 10-Q  
July 06, 2012

**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, 2012

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)

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<b>Minnesota</b> (State or other jurisdiction of incorporation or organization)	<b>41-0268370</b> (I.R.S. Employer Identification No.)
<b>1200 Willow Lake Boulevard, St. Paul, Minnesota</b> (Address of principal executive offices)	<b>55110-5101</b> (Zip Code)
<b>(651) 236-5900</b> (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 and smaller reporting 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   
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 49,918,550 as of June 29, 2012.

**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements****H.B. FULLER COMPANY AND SUBSIDIARIES****Condensed Consolidated Statements of Income**

(In thousands, except per share amounts)

(Unaudited)

	13 Weeks Ended		26 Weeks Ended	
	June 2, 2012	May 28, 2011	June 2, 2012	May 28, 2011
<b>Net revenue</b>	<b>\$ 526,995</b>	\$ 368,360	<b>\$ 872,449</b>	\$ 679,469
Cost of sales	<b>(390,444)</b>	(265,396)	<b>(633,211)</b>	(490,910)
Gross profit	<b>136,551</b>	102,964	<b>239,238</b>	188,559
Selling, general and administrative expenses	<b>(92,956)</b>	(70,136)	<b>(167,986)</b>	(138,139)
Special charges, net	<b>(32,127)</b>		<b>(38,609)</b>	
Asset impairment charges	<b>(671)</b>		<b>(671)</b>	(332)
Other income (expense), net	<b>231</b>	(4)	<b>648</b>	216
Interest expense	<b>(5,749)</b>	(2,572)	<b>(8,367)</b>	(5,153)
<b>Income from continuing operations before income taxes and income from equity method investments</b>	<b>5,279</b>	30,252	<b>24,253</b>	45,151
Income taxes	<b>(2,367)</b>	(8,500)	<b>(9,930)</b>	(13,627)
Income from equity method investments	<b>2,148</b>	2,476	<b>4,344</b>	4,336
<b>Income from continuing operations</b>	<b>5,060</b>	24,228	<b>18,667</b>	35,860
Income (loss) from discontinued operations, net of tax	<b>(3,053)</b>	624	<b>(1,330)</b>	3,200
<b>Net income including non-controlling interests</b>	<b>2,007</b>	24,852	<b>17,337</b>	39,060
Net (income) loss attributable to non-controlling interests	<b>(71)</b>	273	<b>(96)</b>	417
<b>Net income attributable to H.B. Fuller</b>	<b>\$ 1,936</b>	\$ 25,125	<b>\$ 17,241</b>	\$ 39,477
<b>Earnings per share attributable to H.B. Fuller common stockholders:</b>				
<b>Basic</b>				
Income from continuing operations	<b>0.10</b>	0.50	<b>0.38</b>	0.74
Income (loss) from discontinued operations	<b>(0.06)</b>	0.01	<b>(0.03)</b>	0.07
<b>Basic earnings per share</b>	<b>\$ 0.04</b>	\$ 0.51	<b>\$ 0.35</b>	\$ 0.81
<b>Diluted</b>				
Income from continuing operations	<b>0.10</b>	0.49	<b>0.37</b>	0.73
Income (loss) from discontinued operations	<b>(0.06)</b>	0.01	<b>(0.03)</b>	0.06
<b>Diluted earnings per share</b>	<b>\$ 0.04</b>	\$ 0.50	<b>\$ 0.34</b>	\$ 0.79
<b>Weighted-average common shares outstanding:</b>				
Basic	<b>49,652</b>	49,021	<b>49,509</b>	49,013
Diluted	<b>50,722</b>	49,850	<b>50,488</b>	49,863

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<b>Dividends declared per common share</b>	<b>\$ 0.085</b>	\$ 0.075	<b>\$ 0.160</b>	\$ 0.145
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See accompanying Notes to Condensed Consolidated Financial Statements.

**H.B. FULLER COMPANY AND SUBSIDIARIES****Condensed Consolidated Balance Sheets**

(In thousands, except share and per share amounts)

(Unaudited)

	June 2, 2012	December 3, 2011
<b>Assets</b>		
<b>Current assets:</b>		
Cash and cash equivalents	\$ 154,299	\$ 154,649
Trade receivables (net of allowances - \$5,505 and \$4,273, for June 2, 2012 and December 3, 2011, respectively)	315,475	217,424
Inventories	212,364	116,443
Other current assets	59,434	55,590
Current assets of discontinued operations	44,649	52,484
<b>Total current assets</b>	<b>786,221</b>	<b>596,590</b>
Property, plant and equipment	874,406	792,544
Accumulated depreciation	(551,785)	(549,957)
<b>Property, plant and equipment, net</b>	<b>322,621</b>	<b>242,587</b>
Goodwill	228,894	114,895
Other intangibles, net	234,194	126,710
Other assets	146,729	130,068
Long-term assets of discontinued operations	16,744	16,859
<b>Total assets</b>	<b>\$ 1,735,403</b>	<b>\$ 1,227,709</b>
<b>Liabilities, redeemable non-controlling interest and total equity</b>		
<b>Current liabilities:</b>		
Notes payable	\$ 24,508	\$ 28,310
Current maturities of long-term debt	110,000	24,375
Trade payables	173,471	104,418
Accrued compensation	56,193	43,077
Income taxes payable	8,495	7,240
Other accrued expenses	35,185	24,965
Current liabilities of discontinued operations	18,860	22,600
<b>Total current liabilities</b>	<b>426,712</b>	<b>254,985</b>
Long-term debt, excluding current maturities	482,293	179,611
Accrued pension liabilities	51,394	39,877
Other liabilities	66,125	41,028
Long-term liabilities of discontinued operations	3,678	2,744
<b>Total liabilities</b>	<b>1,030,202</b>	<b>518,245</b>
Commitments and contingencies		
<b>Redeemable non-controlling interest</b>	<b>3,702</b>	<b>3,887</b>
<b>Equity:</b>		

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H.B. Fuller stockholders' equity:

Preferred stock (no shares outstanding) Shares authorized	10,045,900		
Common stock, par value \$1.00 per share, Shares authorized	160,000,000, Shares outstanding	49,918,537 and	
49,449,579, for June 2, 2012 and December 3, 2011, respectively			<b>49,919</b> 49,450
Additional paid-in capital			<b>34,367</b> 23,770
Retained earnings			<b>730,204</b> 720,989
Accumulated other comprehensive income (loss)			<b>(113,363)</b> (89,005)
<b>Total H.B. Fuller stockholders' equity</b>			<b>701,127</b> 705,204
Non-controlling interests			372 373
<b>Total equity</b>			<b>701,499</b> 705,577
<b>Total liabilities, redeemable non-controlling interest and total equity</b>			<b>\$ 1,735,403</b> \$ 1,227,709

See accompanying Notes to Condensed Consolidated Financial Statements.

**H.B. FULLER COMPANY AND SUBSIDIARIES****Condensed Consolidated Statements of Total Equity**

(In thousands)

(Unaudited)

**H.B. Fuller Company Shareholders**

				Accumulated Other Comprehensive Income (Loss)	Non- Controlling Interests	Total
	Common Stock	Additional Paid-in Capital	Retained Earnings			
<b>Balance at November 27, 2010</b>	\$ 49,194	\$ 22,701	\$ 646,596	\$ (86,557)	\$ 2,456	\$ 634,390
Net income including non-controlling interests			89,105		(58)	89,047
Foreign currency translation				3,382	7	3,389
Defined benefit pension plans adjustment, net of tax of \$3,603				(5,872)		(5,872)
Interest rate swap, net of tax				42		42
Comprehensive income						86,606
Dividends			(14,712)			