

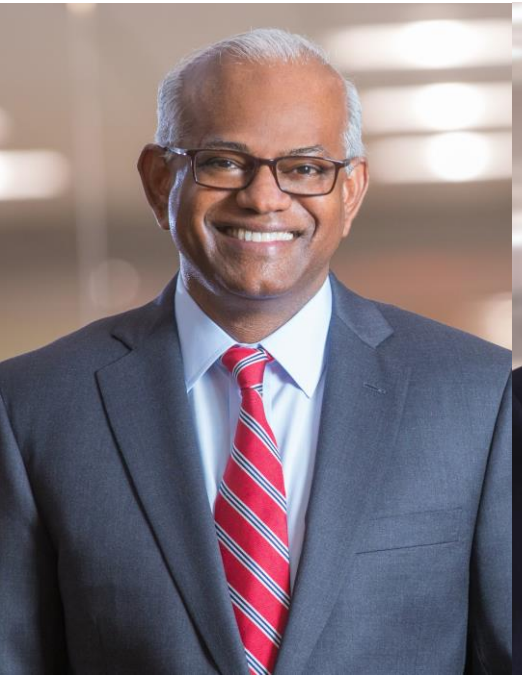
Nordson Corporation | March 30, 2021

Safe Harbor Statement
Under the Private Securities Litigation Reform Act of 1995

Certain statements contained in this release are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements may be identified by terminology such as "may," "will," "should," "could," "expects," "anticipates," "believes," "projects," "forecasts," “outlook,” “guidance,” "continue," “target,” or the negative of such terms or comparable terminology. These statements reflect management’s current expectations and involve a number of risks and uncertainties. These risks and uncertainties include, but are not limited to, U.S. and international economic conditions, financial, and market conditions, currency exchange rates and devaluations, possible acquisitions including the Company’s ability to successfully integrate acquisitions; the Company's ability to successfully divest or dispose of businesses that are deemed not to fit with its strategic plan; the effects of changes in U.S. trade policy and trade agreements; the effects of changes in tax law; and the possible effects of events beyond our control, such as political unrest, acts of terror, natural disasters and pandemics, including the current coronavirus (COVID-19) pandemic and the other factors discussed in Item 1A (Risk Factors) in the Company’s most recently filed Annual Report on Form 10-K and in its Forms 10-Q filed with the Securities and Exchange Commission, which should be reviewed carefully. The Company undertakes no obligation to update or revise any forward-looking statement in this presentation.

Nordson

Today’s Speakers



Sundaram Nagarajan
President &
Chief Executive Officer



Joe Kelley
Executive Vice President
& Chief Financial Officer



Greg Merk
Executive Vice President
Industrial Precision
Solutions



Jeff Pembroke
Executive Vice President
Advanced Technology
Solutions



Lara Mahoney
Vice President
Investor Relations &
Communications

Nordson

Today's Agenda

9:00 AM	Business Overview and Long-Term Strategy
9:35 AM	Industrial Precision Solutions Segment Overview
10:05 AM	Q & A Session
10:20 AM	Advanced Technology Solutions Segment Overview
10:55 AM	Q & A Session
11:10 AM	M&A Focus and Financial Overview
11:35 AM	Closing Remarks
11:45 AM	Q & A Session

Nordson

2021 NORDSON VIRTUAL
INVESTOR DAY

Nordson Overview

Sundaram Nagarajan
President and CEO



A premier industrial technology company focused on precision dispensing, fluid control and related processes and proprietary technology.

Company Founded	*Sales	*EBITDA	Employees	Countries with Direct Presence
1954	$2.1B	$567M	7,500+	35+

*Sales and EBITDA for the full fiscal year ended 10/31/20.



By the Numbers

Consistent Record of Growth	Demonstrated Value to Customers	Disciplined focus on profitability	Solid Returns	Differentiated Product Portfolio*	Consistent value to shareholders
5% Sales Growth	**54%** Gross Margins	**27%** EBITDA Margins	**13%** ROIC	**1,926** Global Patents Held	**57 yrs.** of Annual Dividend Increases

Note: Financial amounts presented are averages of 2016 – 2020, except ROIC which is 2020

**Active Patents as of 10/31/20*

Commitment to ESG



Diversified Board of Directors

- 56% diverse board (3 gender and 2 racially or ethnically diverse)
- 8 out of 9 independent directors
- 7 years average tenure



Strong Culture and Values

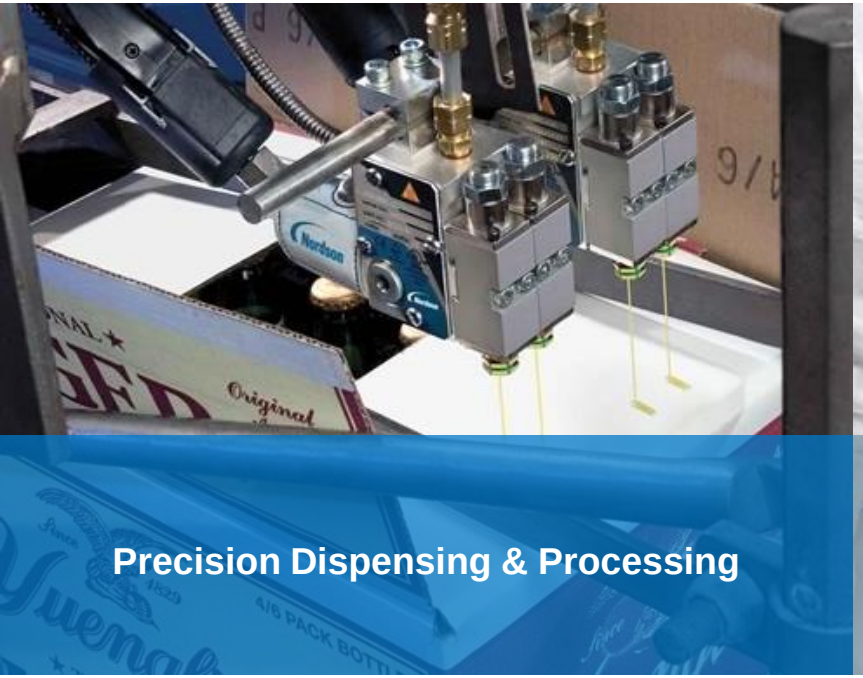
- Nordson Impact – Invest 5% of domestic pretax earnings in communities
- Paid time off for volunteer hours
- Employee support programs, including special COVID-leave



Environmental Stewardship

- Product design improvements focused on reducing customers' material utilization
- Journey to Zero adverse impacts to employees and community

What We Do



Precision Dispensing & Processing

- Precision, hot material
- Precision, cold material
- Precision, powders and coatings
- Engineered systems, polymer processes



Test and Inspection

- Manual and automated x-ray
- Acoustic / Optical inspection
- Bond and materials testing



Fluid Management

- Customized delivery devices in healthcare
- Proprietary components, fluid connectors
- Precision, manual and semi-automated fluid dispense

Where We Play



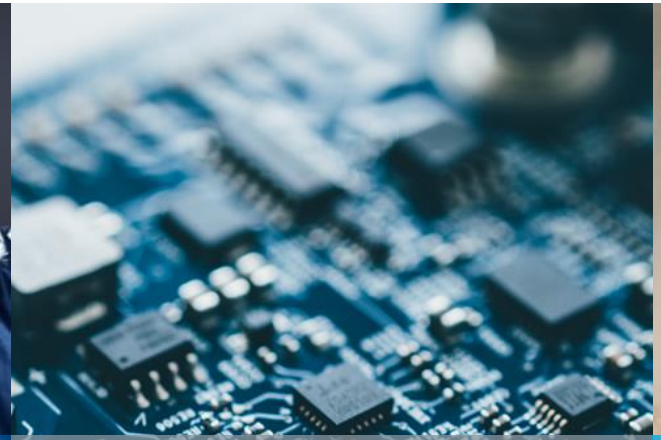
Consumer Non-Durables

- Box sealing
- Baby diapers
- Convenience food packaging
- Beverage straw and spot attachment
- Container and bottle labeling



Medical

- Balloons, extrusions, delivery catheters and other minimally invasive devices
- Single-use fittings, connectors, fluid transfer components in medical equipment and surgical procedures
- Single-use specialty cannula for cardio-pulmonary procedures



Electronics

- Semiconductor packaging
- Wafer-level packaging
- Printed circuit boards
- Electronic component assembly – mobile phone, camera, ear buds, PC and laptop assembly
- Automotive electronics



Industrial

- Farm, construction and industrial machinery
- Rigid container
- Automotive / Aerospace
- Chemical
- Defense
- Energy

How We Are Organized

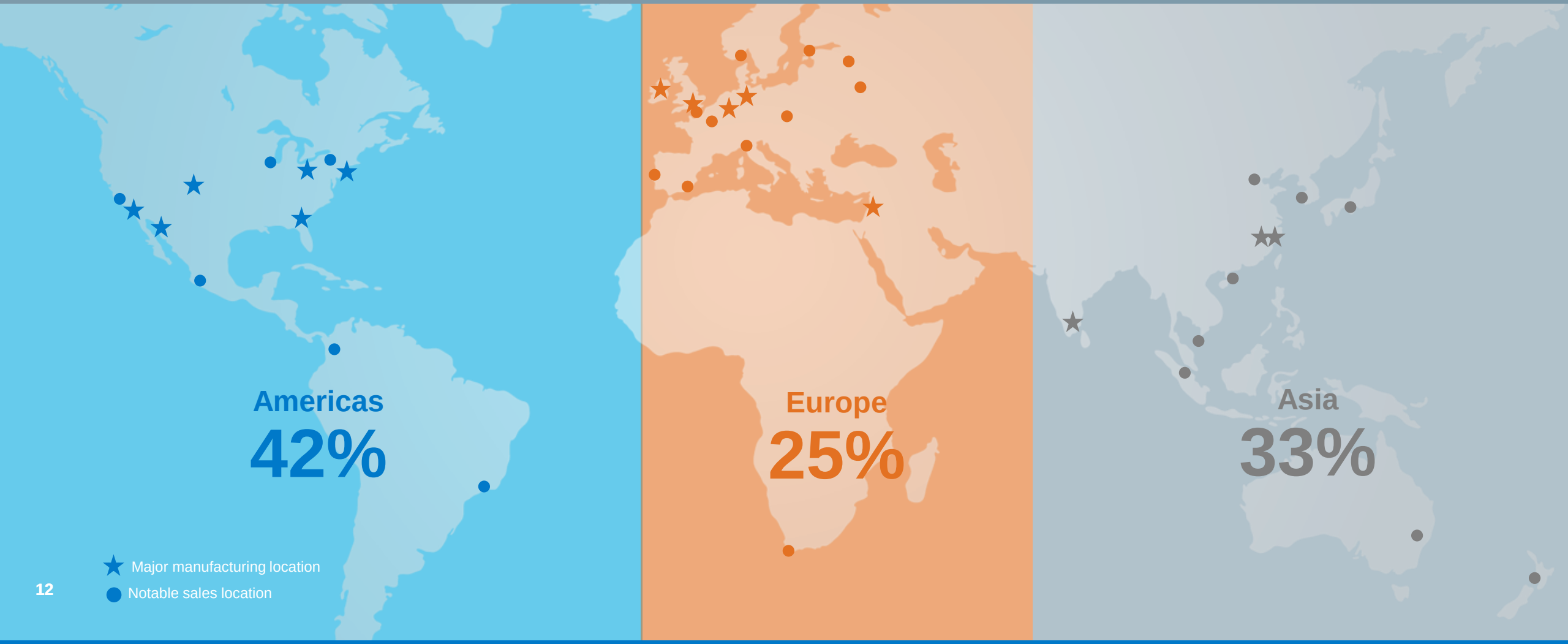


INDUSTRIAL PRECISION SOLUTIONS			ADVANCED TECHNOLOGY SOLUTIONS			
Adhesives	Polymer Processing Solutions	Industrial Coatings Solutions	Medical	Electronic Processing Systems	Test and Inspection	Fluid Management

*Segment average mix for the full fiscal year ended 10/31/20

Our Global Footprint

65% of sales are outside of the U.S. Regional manufacturing and direct sales/service support



Making a Strong Nordson even Stronger

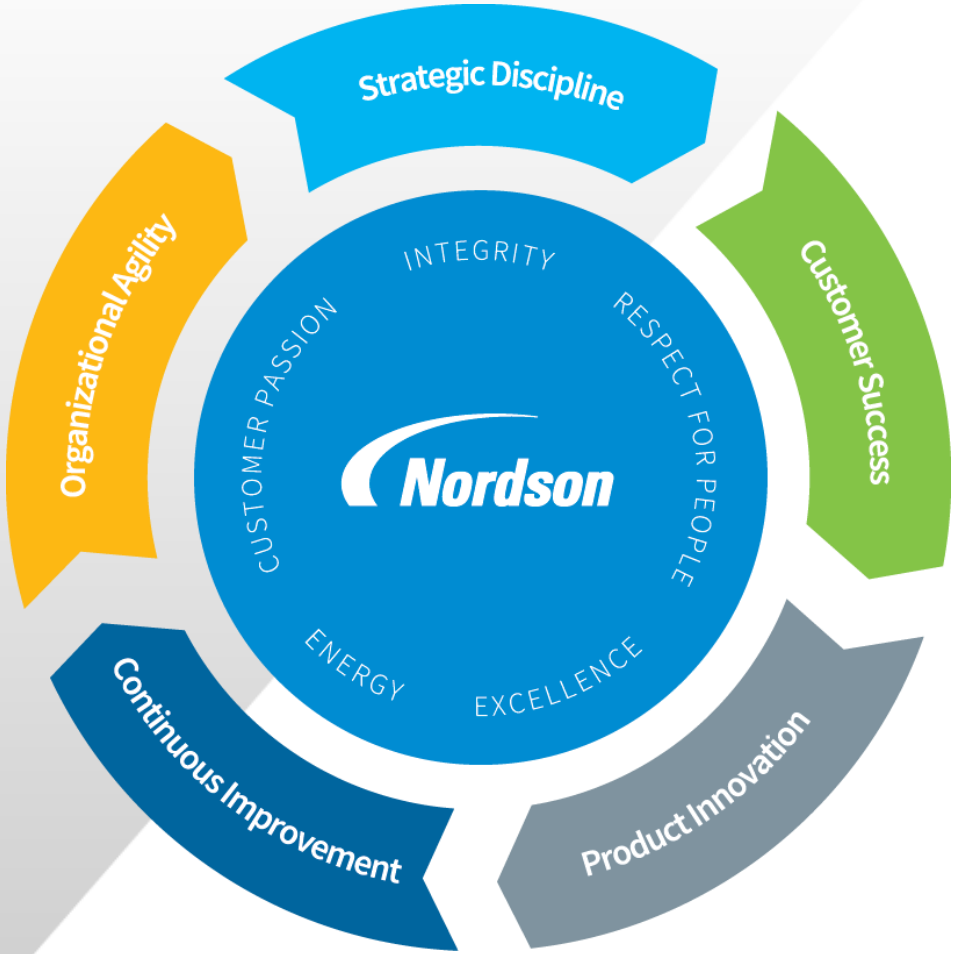
Introducing the **Ascend** Strategy



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NBS Next

GROWTH FRAMEWORK



Driving profitable growth by selecting and investing disproportionately in the best growth opportunities

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Owner Mindset

DIVISION-LED

Entrepreneurial division-led organization:

- **Decisions close to the customer**
- **Autonomy + Accountability**
- **Clear line of sight to deploying NBS Next**

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Winning Teams

TALENT STRATEGY

A key ingredient to successful execution of the Ascend strategy:

- **Leaders inspiring trust and building followership in the organization**
- **Focus on inclusion and diversity in everything we do**
- **Create an engaging culture that attracts and retains top talent**

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A Stronger Nordson

Present

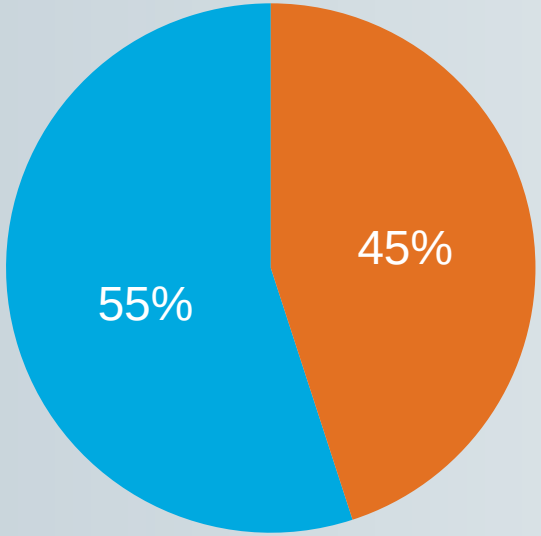
Diversified, Fluid Dispensing

REVENUE

$2.1B

EBITDA

27%



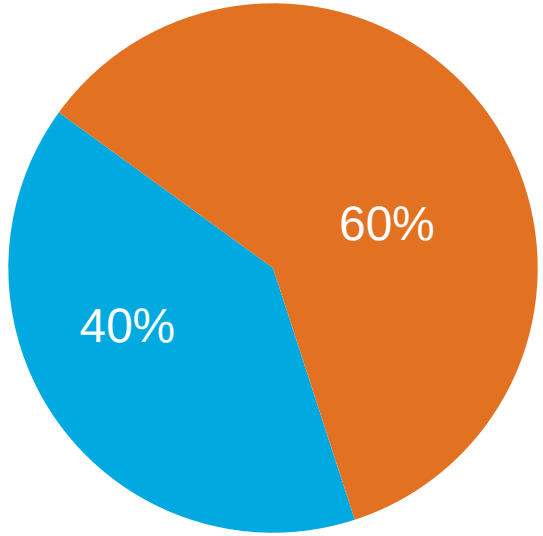
Diversified, Precision Technology

REVENUE

$3.0+B

EBITDA

30%



Future

Industrial Precision Solutions Advanced Technology Solutions

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What You'll Hear & See Today

1. Strong growth drivers enabling Nordson's future profitable growth performance

2. Proprietary precision technologies remain a competitive advantage

3. NBS Next is the framework driving our profitable growth

4. Ascend Strategy will deliver top tier financial performance
   - Sustained organic growth
   - Accelerate acquisitive growth
   - Clear financial measures of success

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2021 NORDSON VIRTUAL INVESTOR DAY

Industrial Precision Solutions (IPS)

Greg Merk
Executive Vice President



Today's Key Messages

1. Well established business with a technically differentiated product portfolio

2. Well trained global direct salesforce and service team ensures consistent delivery of value to our customers and protects aftermarket revenue

3. Growth opportunities to leverage distinct competitive advantages around precision dispensing and coating in new applications and markets

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2020 Overview

REVENUES

$1,143M

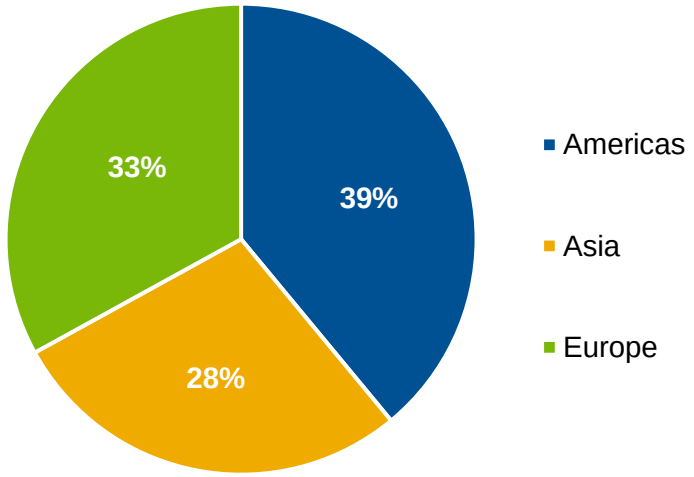
OPERATING MARGIN

26%

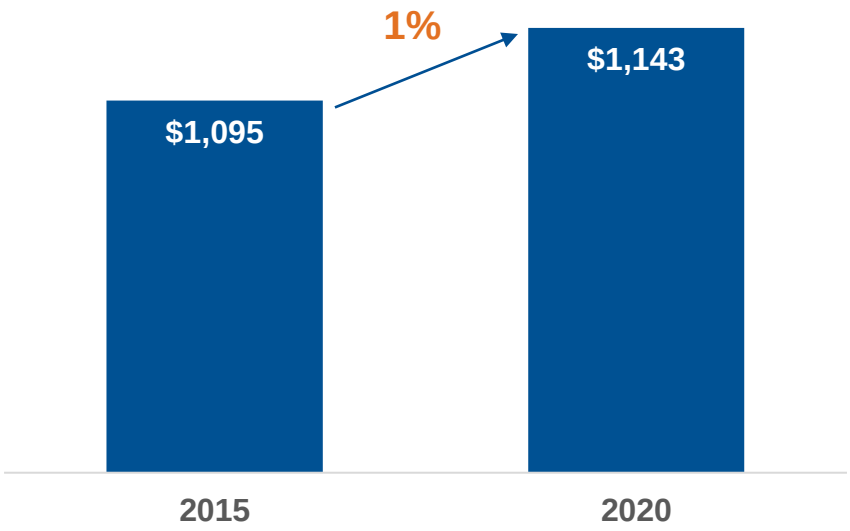
EBITDA

30%

GEOGRAPHIC MIX



HISTORICAL 5 YR SALES CAGR



Strategic Focus

- Material, machinery and process innovations
- Emerging markets and product tiering
- New applications, including electric vehicle battery, automotive electronics, and fabric bonding
- Recapitalization of large installed base
- Deploying NBS Next in our divisions

Divisions and Products

DIVISION	% OF SALES	PRODUCT TYPE	PRODUCTS
Adhesives	57%		▪ Melters that heat, pressurize and dispense adhesives ▪ Proprietary heated hoses ▪ High-speed precision applicators for heated polymers   
Polymer Processing Solutions	23%		▪ Filtration & pump systems for recycled and traditional polymers ▪ Market leading underwater pelletizing systems ▪ Complex multi-layer polymer extrusion dies  
Industrial Coatings Solutions	20%		▪ Connected electrostatic powder painting platforms ▪ Applicators to precisely dispense powders and fluids ▪ Precision proprietary control architecture  

Systems Parts/Consumables

End Markets

Relative Exposure / Growth Rates / Applications



CONSUMER NON-DURABLE

52% of IPS Sales

- Corrugated and carton packaging
- Food and beverage packaging
- Disposable hygiene
- Disposable medical garments

Market Growth Rate

1-3%



INDUSTRIAL

24% of IPS Sales

- Farm and construction machinery
- Industrial machinery
- Metallic container and can coating
- Building and construction

Market Growth Rate

1-3%



OPPORTUNITIES

24% of IPS Sales

- Consumer durable
- Electric vehicle battery
- Fabric and clothing
- Footwear

Market Growth Rate

3-4%

Why Nordson Wins in Adhesives

Market Drivers

Automation

Sustainability trends

Rising middle class

- Enabling high volume manufacturing of both durable and non-durable goods through precision, fully automated and integrated solutions in hot melt adhesive bonding.
- Unique and precise dispense technologies reduce both cost and volume of raw materials (tape, plastic films/straws, corrugate, adhesive, etc.)
- Globally positioned to provide direct sales and support to multinational & local customers

Applying NBS Next to Drive Focus & Profitable Growth



- **Strategic Discipline enabling focus on top opportunities in customers, products and end markets**
  - Dedicated sales resources focusing on best opportunities with best customers
  - Market development targeting disproportionately growing EV market
  - Exited business without Nordson characteristics for profitability/growth
- **Continuous Improvement culture increases efficiencies while allowing for impactful deployment of top resources**
  - Cellular manufacturing driving improvements in delivery times, quality, inventory
  - Production capacity improvement

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Segment Organic Growth Targets

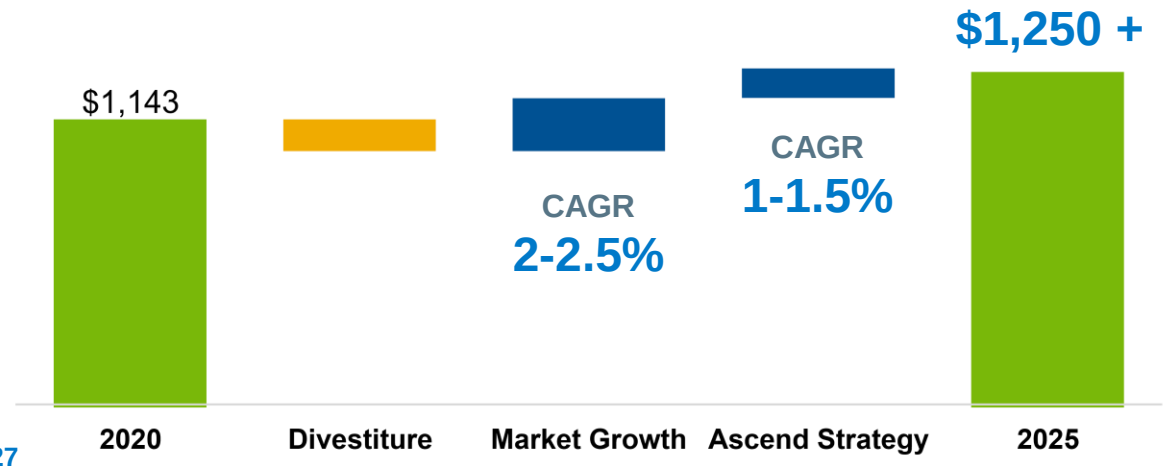
SALES CAGR

3%+

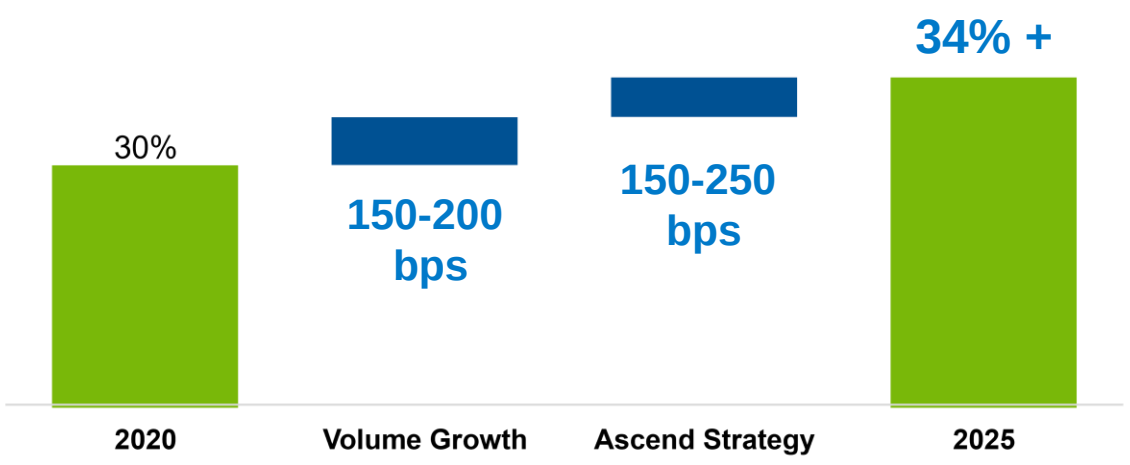
MARGIN EXPANSION

400 BPS+

ANNUAL SALES



EBITDA % OF SALES



Q&A

Nordson

Industrial Precision Solutions (IPS)

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2021 NORDSON VIRTUAL
INVESTOR DAY

Advanced Technology Solutions (ATS) Overview

Jeff Pembroke
Executive Vice President



Today's Key Messages

1. Clear end-market and application specific growth drivers enabling Nordson's future performance

2. M&A investments are yielding results in new markets – medical, test and inspection

3. Diversified advanced technologies and products create strong and sustainable competitive advantage

Nordson

Fiscal 2020 Overview

REVENUES

$978M

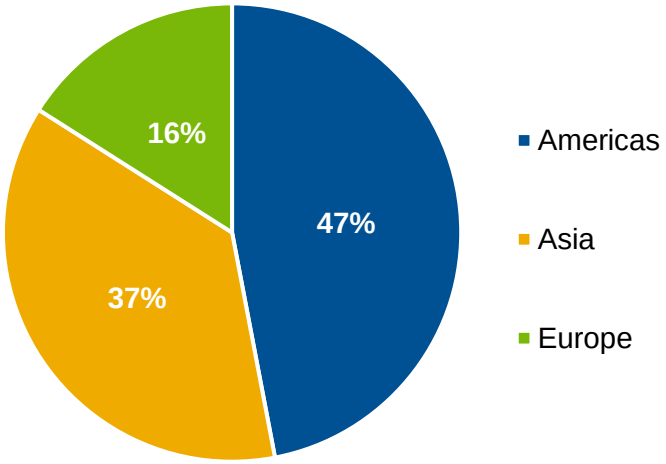
OPERATING MARGIN

20%

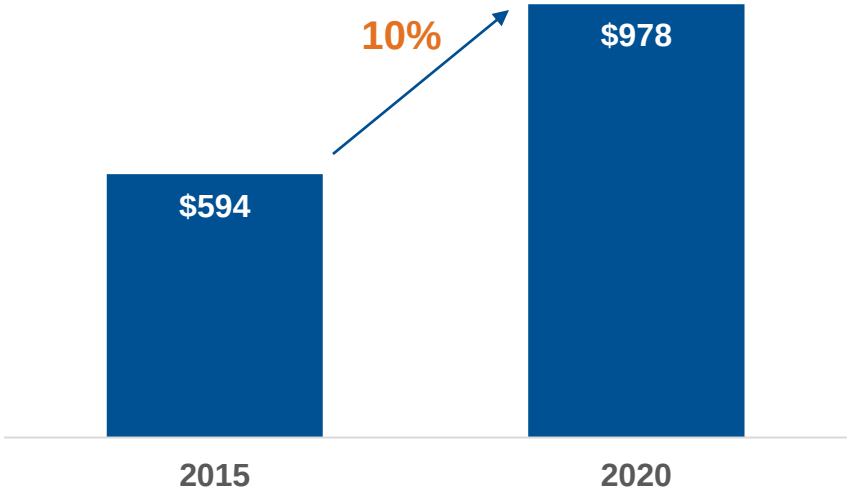
EBITDA

27%

GEOGRAPHIC MIX



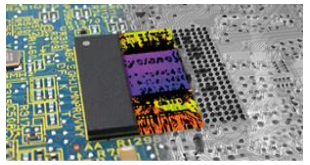
HISTORICAL 5 YR SALES CAGR



Strategic Focus

- Medical – Aging population, trends toward non-invasive surgical techniques and medical OEM outsourcing
- Electronics - Broad solutions across the electronics supply chain
- 5G / AI / Big Data / Auto Electronics / Autonomous Vehicles / High-Perf Computing
- Deploying NBS Next in our divisions

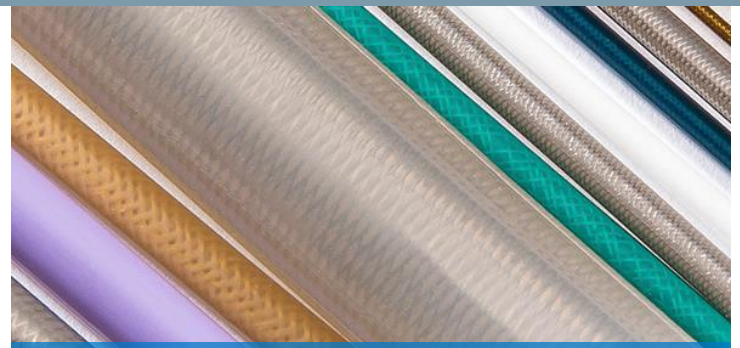
Divisions and Products

DIVISION	% OF SALES	PRODUCT TYPE	PRODUCTS
Medical	35%		▪ Engineered shafts and delivery systems ▪ Custom medical balloons and catheters ▪ Single-use fluid transfer components   
Engineered Fluid Dispense	23%		▪ Non-contact jet dispensing systems ▪ Fluid packaging for one and two-part materials ▪ Reliable, high precision bench top dispensers   
Electronic Processing Systems	22%		▪ Precision automated dispense solutions ▪ Conformal coating solutions ▪ Plasma surface treatment platforms  
Test and Inspection	20%		▪ X-ray inspection equipment ▪ Acoustic / Optical inspection equipment ▪ Bond and materials testing  

Systems Parts/Consumables

End Markets

Relative Exposure / Applications / Growth Rates



MEDICAL

40% of ATS Sales

- Biopharma / Vaccine processing
- Cardio-pulmonary support
- Heart valve and stent delivery
- Hemostasis and tissue repair
- Peripheral vascular procedures

Market Growth Rate

6-8%



ELECTRONICS

49% of ATS Sales

- Underfill dispensing
- Conformal coating
- PCB / Device test and inspection
- Wafer level test & metrology
- Plasma surface treatment

Market Growth Rate

4-6%



REMAINING MARKETS

11% of ATS Sales

- Adhesive packaging and dispense for Construction, Automotive, Solar
- General industrial assembly
- Animal health packaging & delivery systems

Market Growth Rate

1-2%

Why Nordson Wins in Medical

Market Drivers

Aging population

Trends toward non-invasive surgical techniques

Medical OEM Outsourcing

- Extensive single-use product offering for minimally invasive surgeries – catheters, balloons, connectors, etc.
- Rapid design and development capability – transitioning into full-scale device manufacturing.
- Nordson medical certifications around quality and cleanliness - Quality Works Here.

Why Nordson Wins in Electronics

Market Drivers

Data and technology driven economy

New architecture and shrinking circuit footprint

Increased testing requirements of components

- Active participant in customer's cutting-edge technology roadmaps
- Precision volume and position dispense at high speeds consistently
- Best-in-class image resolution and processing speed across a broad portfolio of inspection technologies

Applying NBS Next to Drive Focus & Profitable Growth



- **Strategic Discipline aligns resources on best growth opportunities in customers, products and end markets**
  - Segmentation identifies best profitable growth opportunities.
  - Disciplined alignment of commercial and research and development resources to these opportunities.

- **Operational Excellence driving growth of best products**
  - Created focused manufacturing cells to make best products in three pilot facilities in 2020.

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Long-term Organic Targets

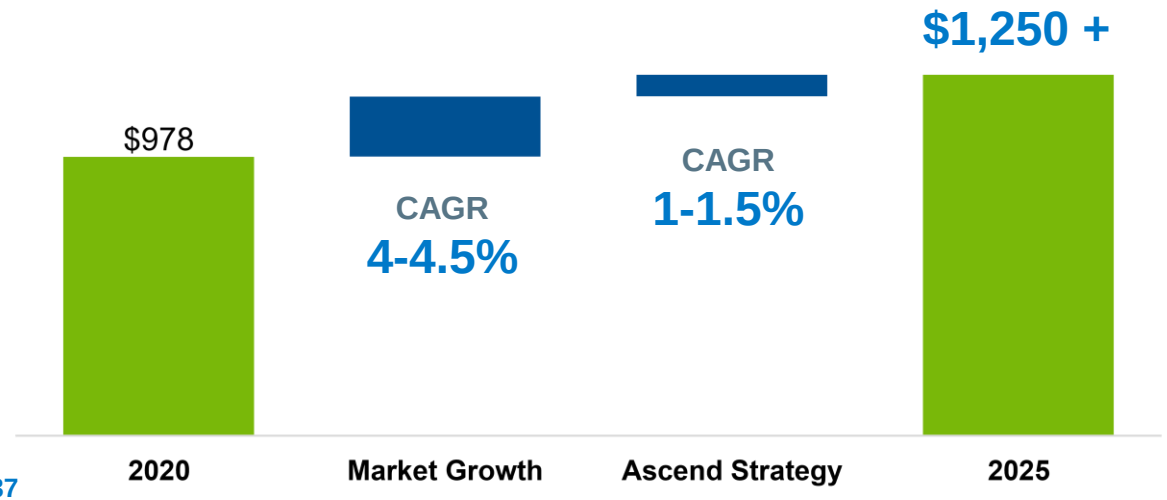
SALES CAGR

5%+

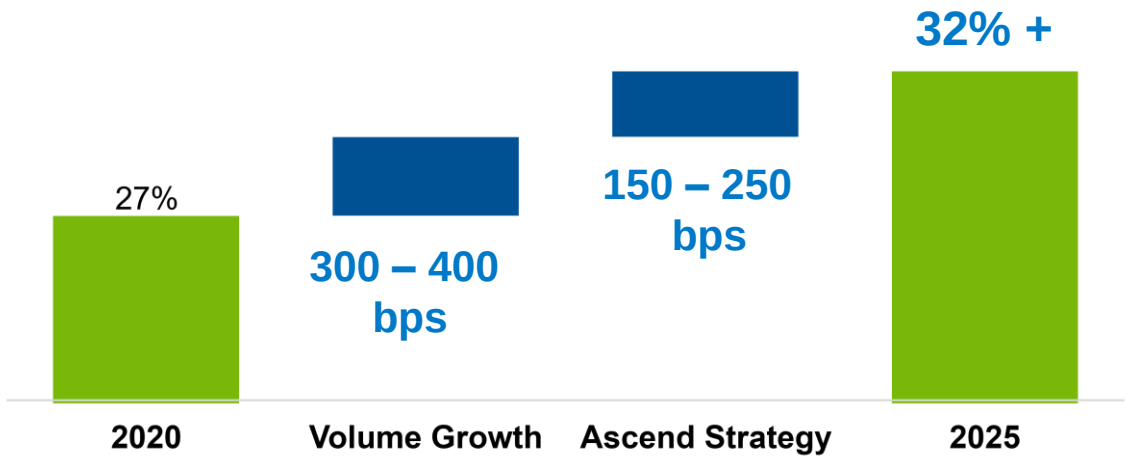
MARGIN EXPANSION

500 BPS+

ANNUAL SALES



EBITDA % OF SALES



Q&A

Nordson

Advanced Technology Solutions (ATS)

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M&A Strategy

Joe Kelley
Executive Vice President &
Chief Financial Officer

Disciplined M&A Strategy



Strategic Criteria

- Differentiated precision technology based product portfolio
- Serving attractive high-growth end market applications
- Customer-centric business model



Financial Criteria

- Attractive organic growth rate with Nordson-like gross margins
- EBITDA ~20% with clear margin expansion opportunities
- ROIC > cost of capital in 3-5 years

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M&A Focus

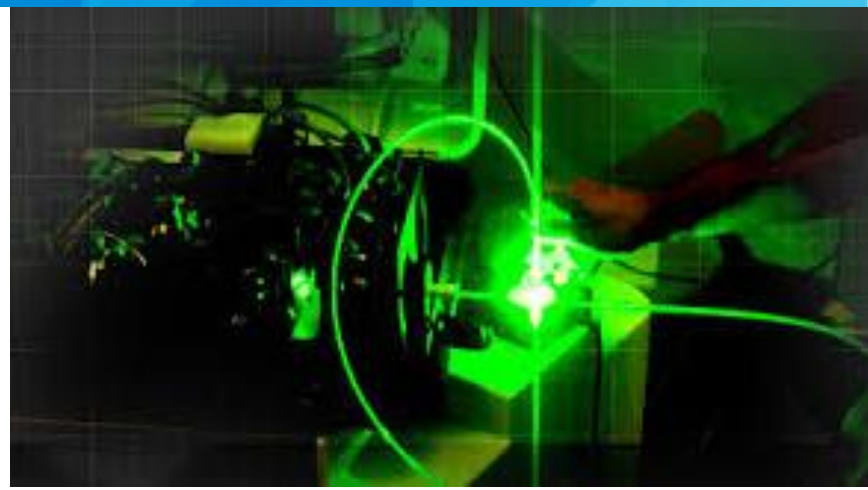
Strengthening our Precision Technology Platforms



Medical Device Components



Test & Inspection Systems

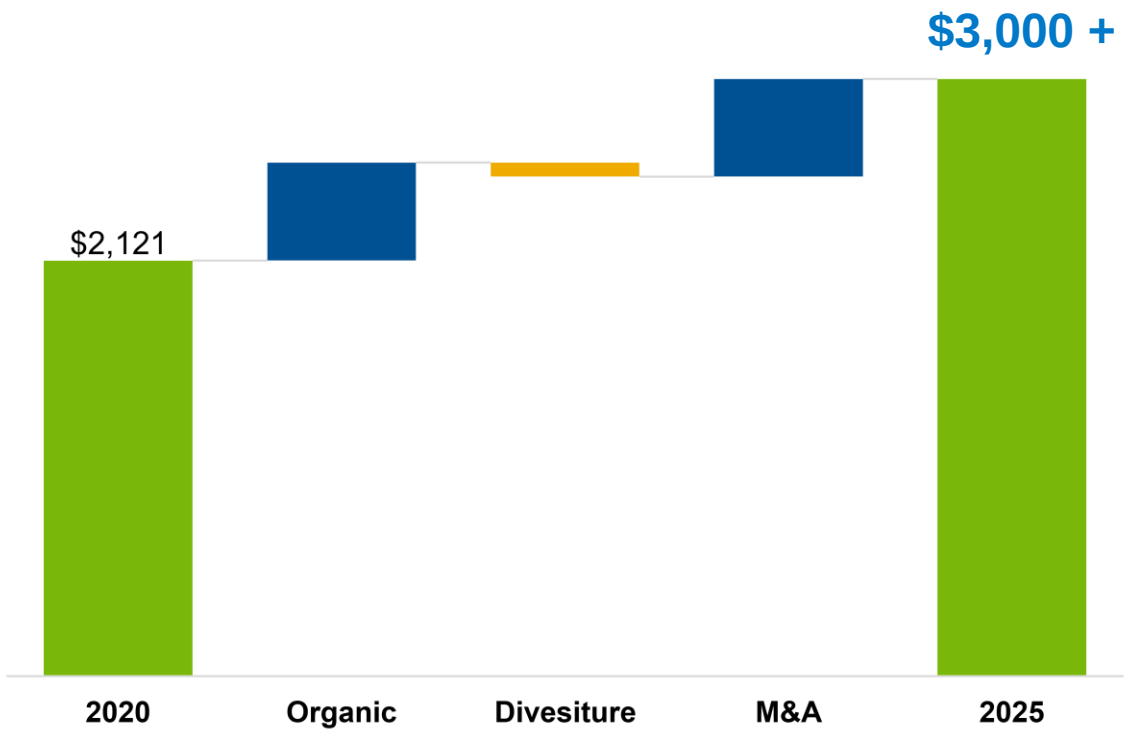


Complementary Precision Technologies

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M&A Objective

Deliver over half the growth needed for $3+ billion in sales



Execute a disciplined M&A process that meets the Strategic and Financial Criteria

- Don’t acquire simply for growth and capital deployment

Acquire >$500 million in revenue

- Aligned in one of three focus areas

Acquire ~$100 million in EBITDA

- Differentiated businesses with potential for Nordson-like margins

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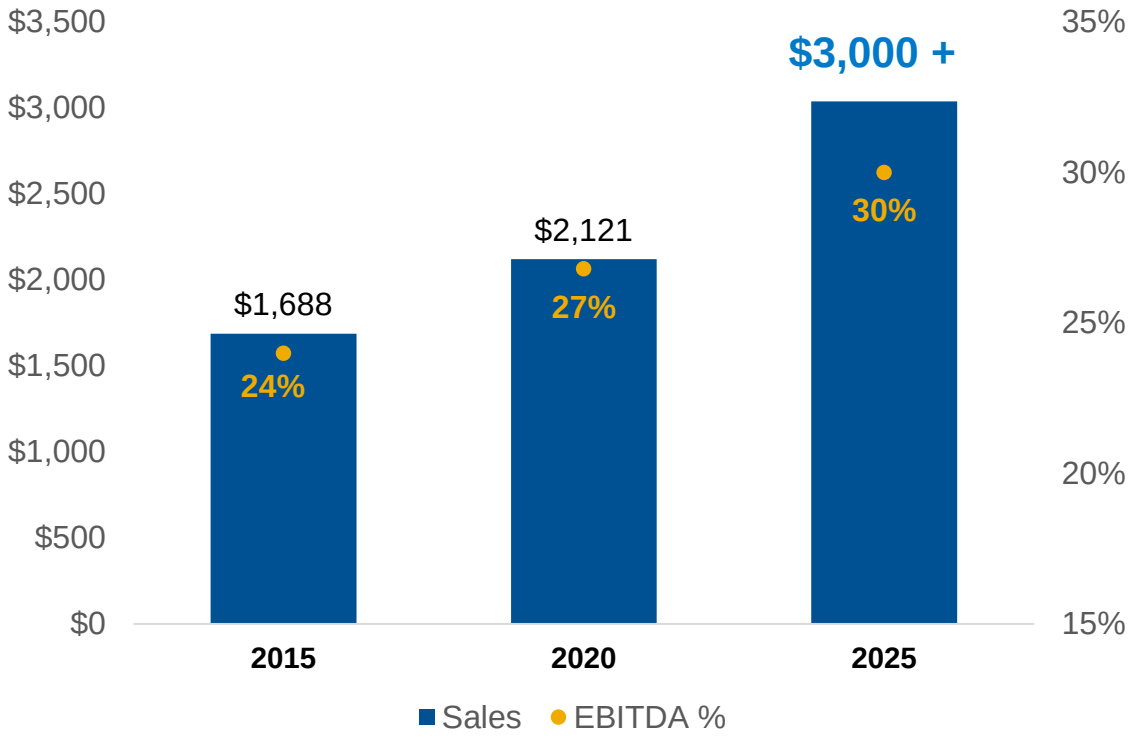
Financial Review



Joe Kelley
Executive Vice President &
Chief Financial Officer

Targeted Financial Performance

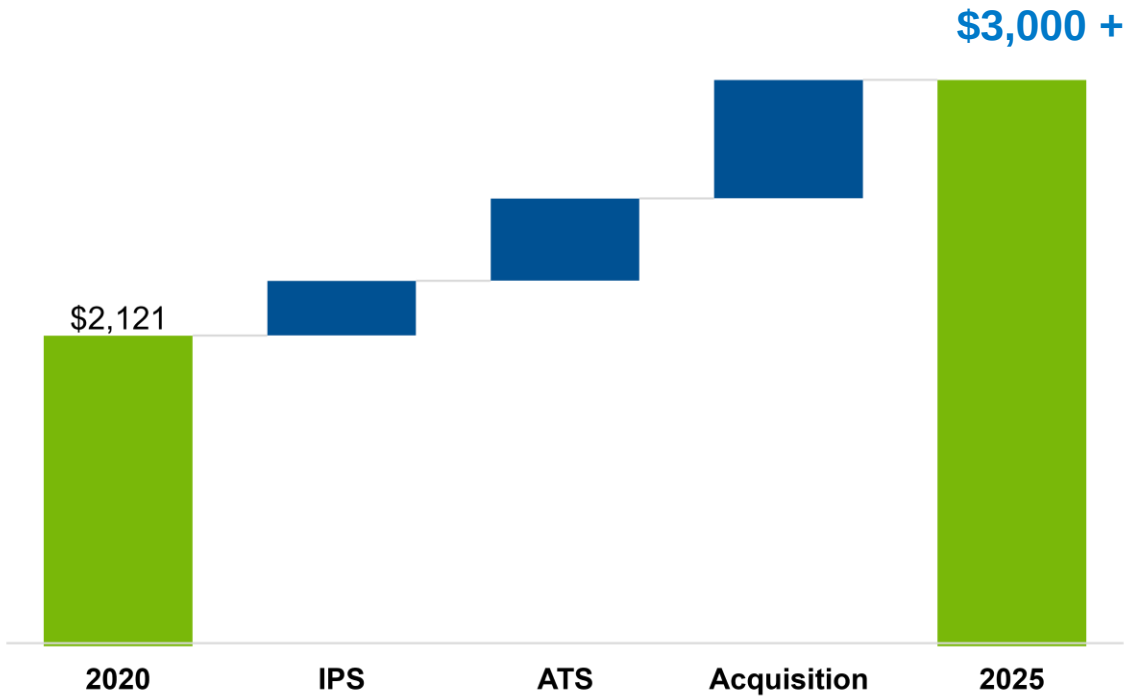
Sustained Sales Growth & Margin Expansion



	2015 - 2020	2020 - 2025
Sales CAGR	**5%**	**7%+**
EBITDA CAGR	**7%**	**10%**
Ending ROIC %	**13%**	**13%+**

Sales Growth

Balanced Organic and Acquisition Led Growth



2020 – 2025 Sales Growth Components	
Organic with NBS Next	4%+
Acquisitions	3%+
Total 5 Year CAGR	7%+

EBITDA Margin Expansion

Combination of Organic and Inorganic Growth



40 - 45% Incremental margins on volume growth

NBS Next contributes 200+ bps of margin expansion

- Improved sales mix
- Operational efficiency
- Simplification

Acquired EBITDA ~20% with clear margin expansion opportunities

Capital Allocation Priorities

1 SUSTAINED INVESTMENT TO DRIVE ORGANIC GROWTH

- Increased R&D investment
- Sustained investment in direct sales model
- Capital investment for capacity expansion, efficiency improvements and base maintenance

2 DISCIPLINED M&A

- Differentiated precision technologies
- Financially disciplined
- Significant core competencies and competitive advantages to lever for ROIC & value creation

3 RETURN OF CAPITAL

- Strong history with 57-year of paying and increasing the annual dividend
- Offset compensation plan dilution
- Alternative measures will be routinely assessed to manage priorities

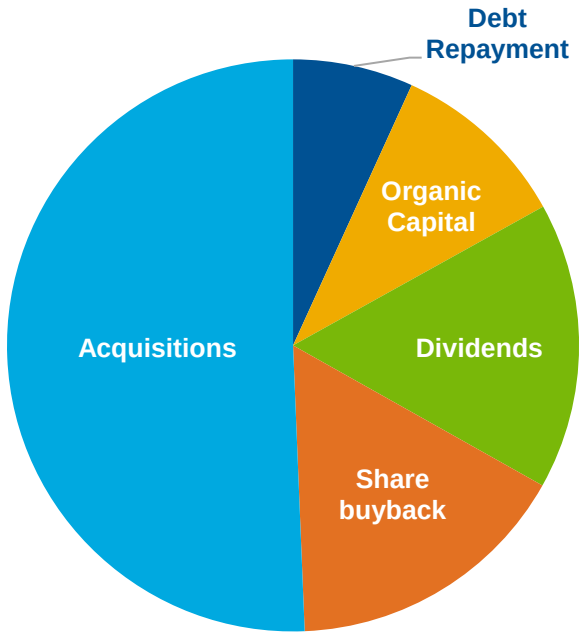
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Capital Allocation

Acquisition is Key Component of the Growth Strategy

Deployed Cash

2016 – 2020

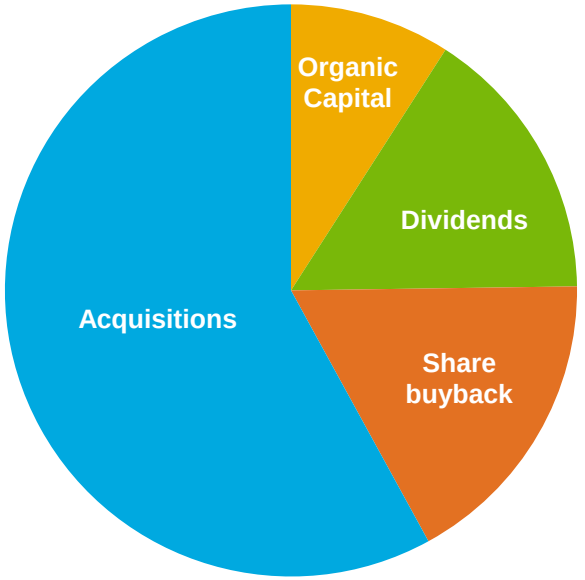


~ 50 - 60% Strategic M&A

~ 30% Returned to Shareholders

~ 10% Organic Investments

2021 – 2025



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Strong Focus on ROIC & Balance Sheet

Maintaining Solid Returns and Strong Balance Sheet are Core to Nordson's Strength

ROIC

- High margin organic growth and NBS Next benefits more than offset dilution from Acquisition growth
- Executive compensation plans are tied to maintaining Top Tier ROIC performance
- Target maintaining ROIC% 13%+

Balance Sheet

- Strong free cash flow conversion provides ample liquidity to support targeted growth
- Leverage ratio remains 1.5 – 2.5 times at Targeted growth rates
- Comfortable expanding leverage beyond 2.5 times for the right opportunity

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Closing Remarks

Sundaram Nagarajan
President and CEO

What You've Heard Today

1. Strong growth drivers enabling Nordson's future profitable growth performance

2. Proprietary precision technologies remain a competitive advantage

3. NBS Next is the framework driving our profitable growth

4. Ascend Strategy will deliver top tier financial performance
   - Sustained organic growth
   - Accelerate acquisitive growth
   - Clear financial measures of success

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Making a Strong Nordson Even Stronger

Diversified Precision Technology Company, $3B Revenue and 30% EBITDA



Q&A

Non-GAAP Definitions

This presentation contains references to non-GAAP financial information. Although these are non-GAAP measures, we believe that they are useful to an investor in evaluating the company performance for the period presented. These non-GAAP definitions include:

- Adjusted operating profit is defined as operating profit plus certain adjustments, such as assets held for sale impairment charge, cost structure simplification actions, and non-cash inventory charges related to acquisitions.
- EBITDA is defined as adjusted operating profit plus depreciation and amortization.
- Return on Invested Capital is defined as adjusted operating profit after tax as a percentage of the sum of average debt (net of cash) plus average shareholders' equity.

Amounts may be rounded.

See the company's earnings release for the fiscal year ended October 31, 2020, for a reconciliation of the non-GAAP measures Adjusted Operating Profit and EBITDA.

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