Nordson

2Q Fiscal 2022
Webcast

Ascend
STRATEGY

May 24, 2022

NBS NEXT | OWNER MINDSET | WINNING TEAMS

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, including the conflict between Russia and Ukraine, 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.

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Agenda

2Q Fiscal 2022 Webcast – May 24, 2022

- Second Quarter Highlights
- Sales Performance and Earnings Review
- Balance Sheet and Cash Flow
- Enterprise Performance
- 3Q 2022 and FY 2022 Guidance
- Q&A



Sundaram Nagarajan
President and
Chief Executive Officer



Joseph Kelley
Executive Vice President,
Chief Financial Officer



Lara Mahoney
Vice President,
Investor Relations

Q2 2022 Highlights

Strong sales and earnings growth with NBS Next execution



- Order entry remains robust with a favorable second quarter book-to-bill ratio
- Deploying the NBS Next growth framework
- *The Nordson Impact*, our investment in the communities, remains strong

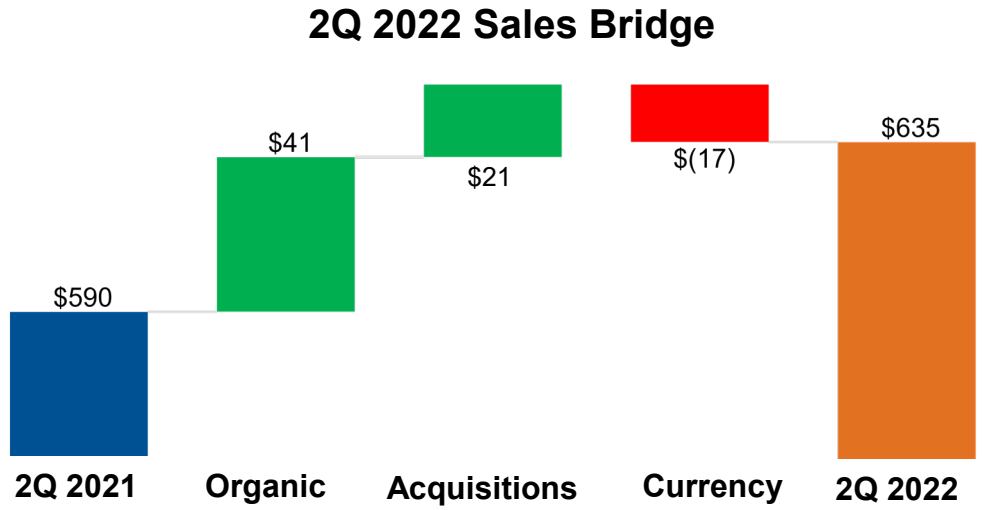
Total Company – 2Q 2022

Sales

- Reported sales increased 8%
- 7% organic growth; 4% acquisitive growth; (3)% currency impact
- Organic sales increase was driven by strong demand across most end markets. Growth was negatively impacted by ~$20 million related to China COVID lockdowns.

Operating Profit

- Operating profit of $184 million, 29% of sales; EBITDA margin 33% of sales
- Organic incremental operating profit margins of 70%
- 15% adjusted earnings per share growth, excluding a $41 million non-cash pension charge



	2Q 2021	2Q 2022	Δ
Sales	$589.5	$635.4	8%
Operating Profit	$166.4	$184.0	11%
EBITDA*	$191.7	$208.9	9%
EPS GAAP	$2.12	$1.88	-11%
EPS Adjusted*	$2.12	$2.43	15%

*Non-GAAP numbers - See appendix for reconciliation. In millions except for per share data.

Numbers reflect adjusted earnings – see reconciliation in appendix

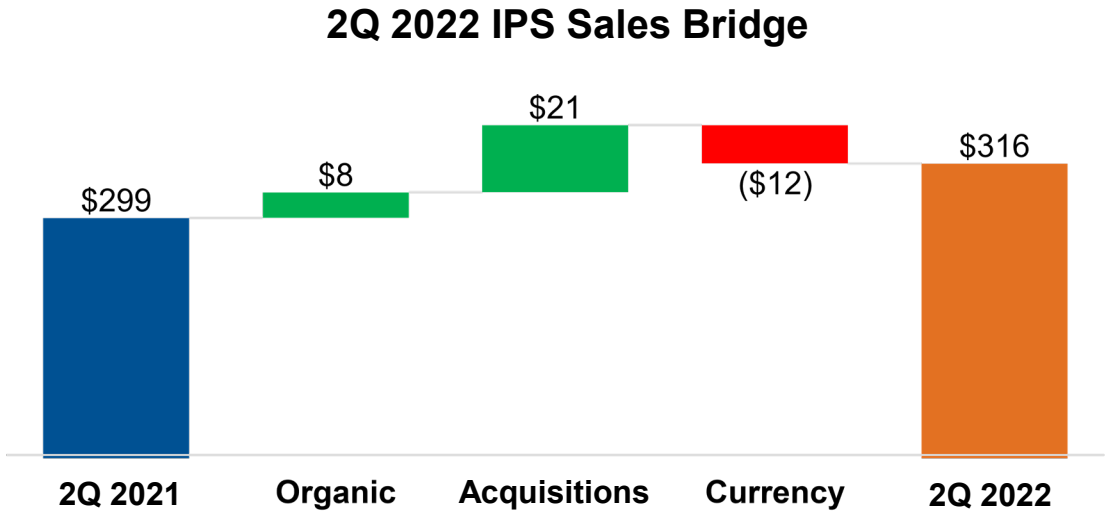
Industrial Precision Solutions – 2Q 2022

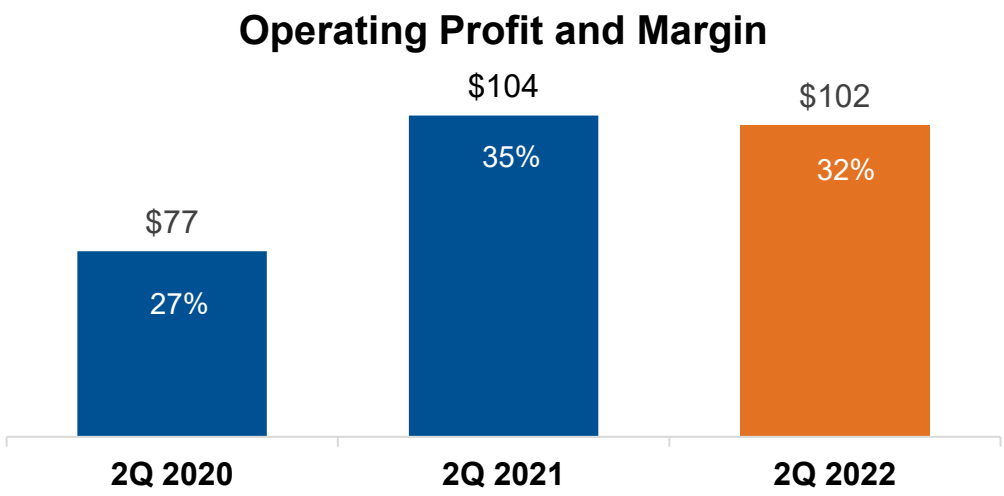
Sales

- 6% sales increase, despite currency headwinds of 4%
- China COVID lockdowns negatively impacted sales ~$15 million
- Organic growth was driven by polymer processing product lines, plus steady growth in consumer non-durables

Operating Profit

- Operating profit was $102 million, or 32% of sales
- Unfavorable sales mix drove year-over-year margin compression
- Fifth consecutive quarter of greater than $100 million in operating profit





Advanced Technology Solutions – 2Q 2022

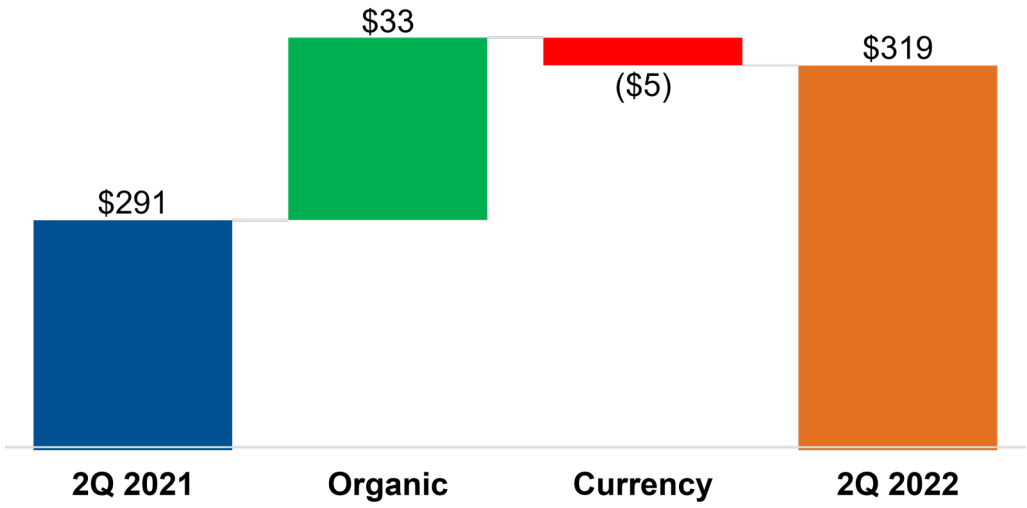
Sales

- Sales increased 10%, to a record $319 million
- 11% organic growth; (2)% currency impact
- Growth was across most major product lines, particularly in electronics dispense, test and inspection and biopharma fluid component product lines

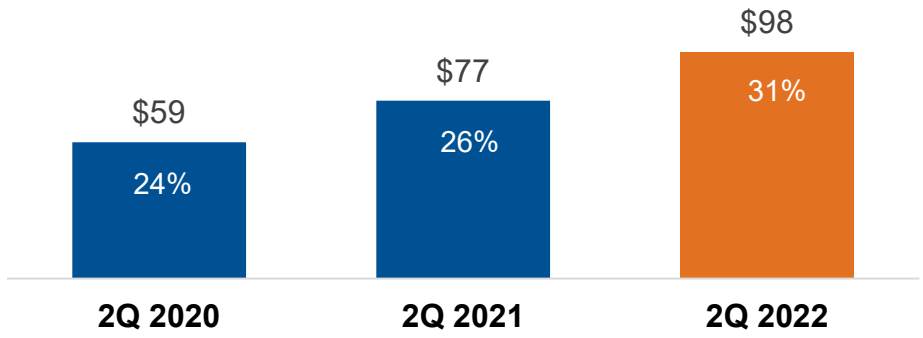
Operating Profit

- Operating profit grew 27% to a record $98 million or 31% of sales
- New record level performance for ATS, reflecting diversity of end markets and deployment of NBS Next growth framework

2Q 2022 ATS Sales Bridge



Operating Profit and Margin

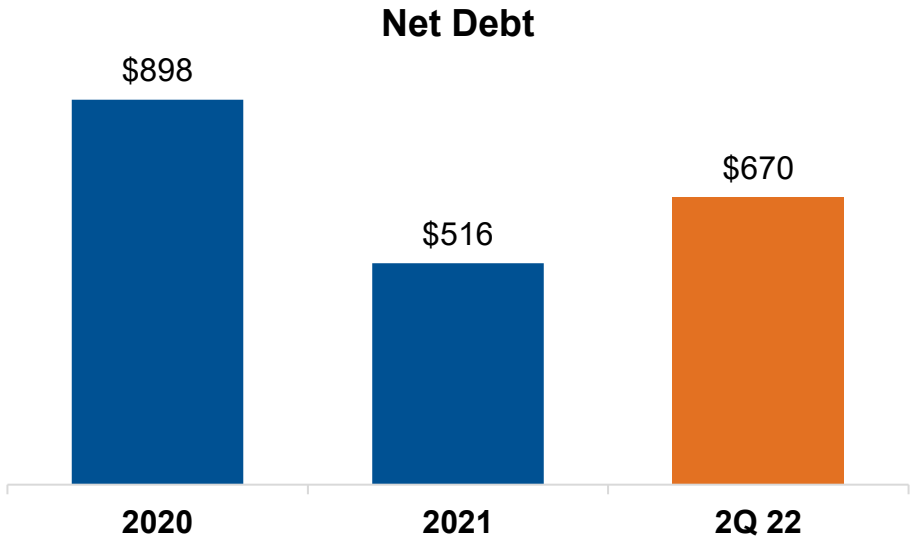


Balance Sheet and Cash Flow

Strong Cash Flow with Sufficient Liquidity to Invest in Strategic Initiatives

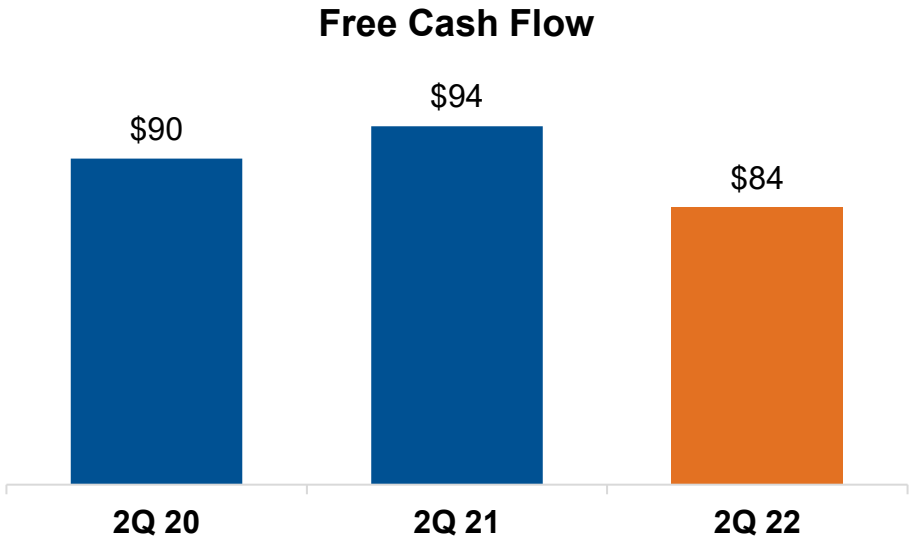
Net Debt

- Cash totaled $121 million
- 0.9 net debt leverage ratio based on trailing 12-month EBITDA



Free Cash Flow

- Strategic investments in inventory to address supply chain constraints and support growth
- Strategic capital investments to support growth



Enterprise Highlights



Accelerating NBS Next deployment

- Launched NBS Next Accelerator Training
- Real Nordson business examples deepen understanding and application further into the organization



End market demand remains strong

- Growth drivers remain strong in medical and electronics end markets
- Broad based customer demand across diverse end markets and geographies



Record growth in ATS Segment

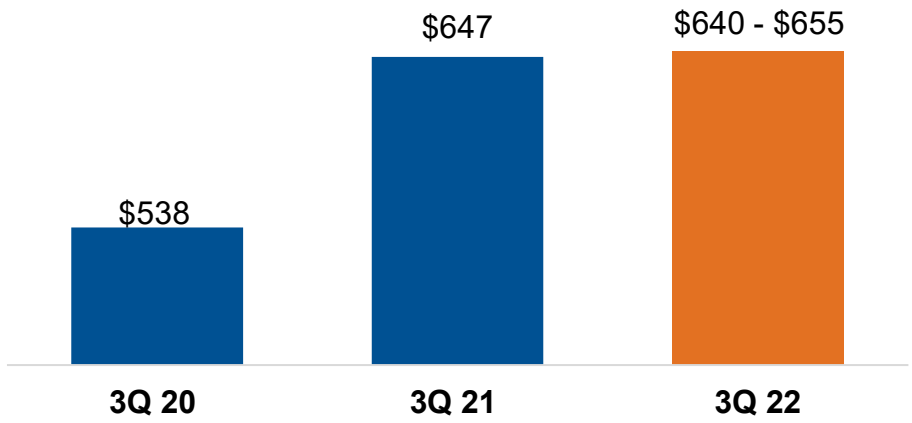
- Customer trends drive growth: expanding capacity, onshoring, increasing demand for semi and PCB content
- New product innovation
- NBS Next deployment

3Q Fiscal 2022 Guidance

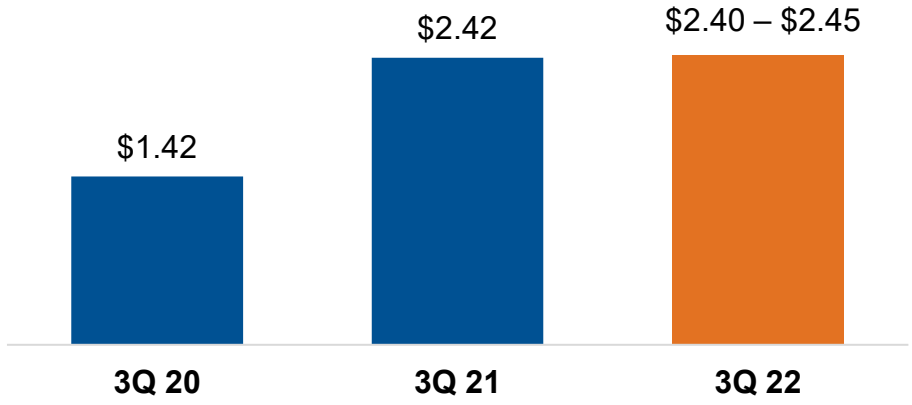
Steady Growth

- Order entry remains strong in Q2 with a favorable book-to-bill ratio
- Backlog over $1 billion related to extended shipment dates for large orders in electronics, industrial and medical end markets.
- 3Q 22 sales and earnings expected to be comparable to the very strong 3Q 21 performance

3Q 2022 Sales Guidance



3Q 2022 Adjusted EPS Guidance

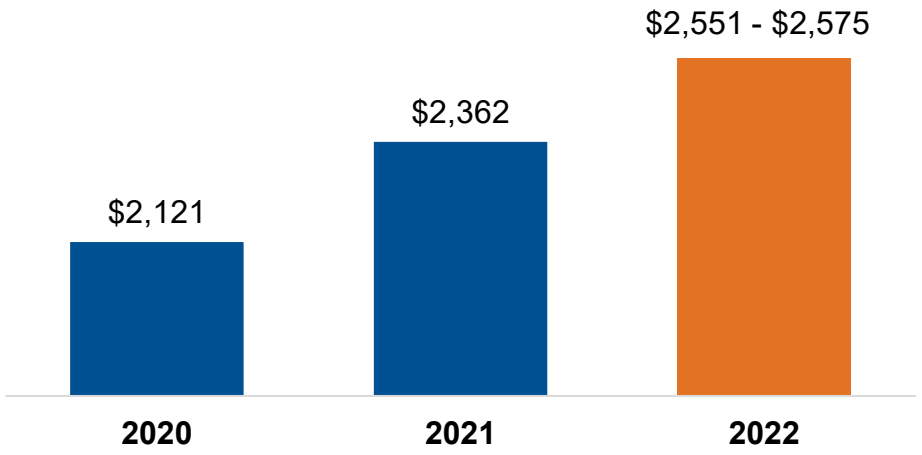


Full-Year Fiscal 2022 Guidance

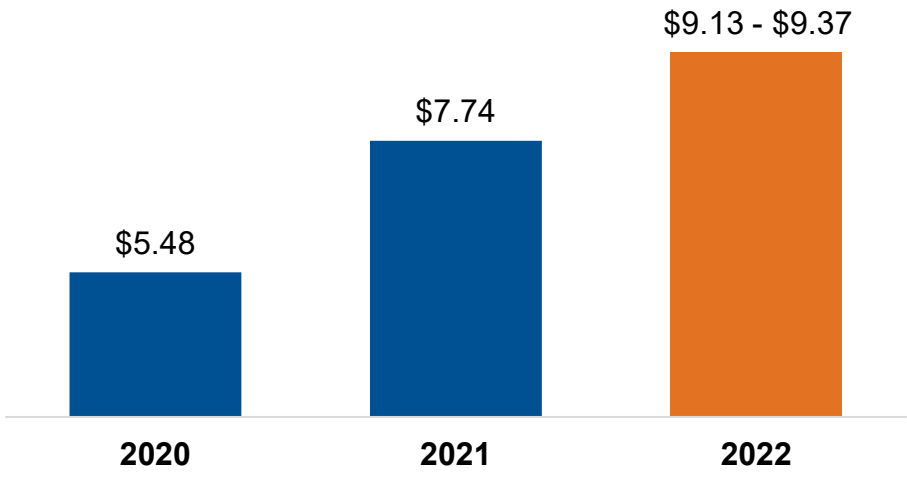
Full-Year Growth from Record 2021

- Fiscal 2022 sales growth of ~8-9%
- Raising previously issued year-over-year adjusted earnings growth to ~18-21%.
- Strong sales and earnings growth against record year is evidence of diversification of the business, precision technologies, customer-centric model, NBS Next growth framework and Winning Teams executing successfully

Full-Year Sales Guidance



Full-Year Adjusted EPS Guidance



Questions?

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Reconciliation of Non-GAAP Measures

Adjusted Operating Profit and EBITDA (Dollars in thousands)

NORDSON CORPORATION

RECONCILIATION OF NON-GAAP MEASURES - ADJUSTED OPERATING PROFIT AND EBITDA (Unaudited)
(Dollars in thousands)

	Three Months Ended				Six Months Ended			
	April 30, 2022		April 30, 2021		April 30, 2022		April 30, 2021	
SALES BY SEGMENT								
Industrial precision solutions	$ 316,434		$ 298,775		$ 640,367		$ 587,191	
Advanced technology solutions	318,969		290,763		604,202		528,913	
Total sales	$ 635,403		$ 589,538		$1,244,569		$1,116,104	
OPERATING PROFIT								
Industrial precision solutions	$ 102,196		$ 104,283		$ 204,384		$ 187,686	
Advanced technology solutions	98,458		76,585		174,785		123,786	
Corporate	(16,681)		(14,477)		(39,336)		(36,056)	
Total operating profit	$ 183,973		$ 166,391		$ 339,833		$ 275,416	
OPERATING PROFIT ADJUSTMENTS [1]								
Industrial precision solutions	$ —		$ —		$ 1,563		$ —	
ADJUSTED OPERATING PROFIT (NON-GAAP) [2]		% of Sales		% of Sales		% of Sales		% of Sales
Industrial precision solutions	$ 102,196	32%	$ 104,283	35%	$ 205,947	32%	$ 187,686	32%
Advanced technology solutions	98,458	31%	76,585	26%	174,785	29%	123,786	23%
Corporate	(16,681)		(14,477)		(39,336)		(36,056)	
Total operating profit - adjusted	$ 183,973	29%	$ 166,391	28%	$ 341,396	27%	$ 275,416	25%
DEPRECIATION & AMORTIZATION								
Industrial precision solutions	$ 6,916		$ 6,468		$ 14,358		$ 13,451	
Advanced technology solutions	15,825		16,421		31,635		32,965	
Corporate	2,224		2,427		4,362		4,920	
Total depreciation & amortization	$ 24,965		$ 25,316		$ 50,355		$ 51,336	
EBITDA (NON-GAAP) [2]								
Industrial precision solutions	$ 109,112	34%	$ 110,751	37%	$ 220,305	34%	$ 201,137	34%
Advanced technology solutions	114,283	36%	93,006	32%	206,420	34%	156,751	30%
Corporate	(14,457)		(12,050)		(34,974)		(31,136)	
Total EBITDA	$ 208,938	33%	$ 191,707	33%	$ 391,751	31%	$ 326,752	29%

[1] Represents non-cash inventory charges associated with the NDC acquisition.

[2] Adjusted operating profit and EBITDA are non-GAAP measures used by management to evaluate the Company's ongoing operations and non-cash inventory charges related to the NDC acquisition. Adjusted operating profit is defined as operating profit plus certain adjustments, such as non-cash inventory charges associated with the NDC acquisition. EBITDA is defined as adjusted operating profit plus depreciation and amortization.

Reconciliation of Non-GAAP Measures

Profitability (Dollars in thousands)

NORDSON CORPORATION

RECONCILIATION OF NON-GAAP MEASURES - PROFITABILITY (Unaudited)
(Dollars in thousands)

	Three Months Ended		Six Months Ended	
	April 30, 2022	April 30, 2021	April 30, 2022	April 30, 2021
GAAP AS REPORTED				
Operating profit	$ 183,973	$ 166,391	$ 339,833	$ 275,416
Other / interest expense - net	(44,706)	(10,533)	(48,599)	(21,746)
Net income	109,634	124,144	230,043	201,726
Diluted earnings per share	$ 1.88	$ 2.12	$ 3.93	$ 3.44
Shares outstanding - diluted	58,382	58,652	58,606	58,703
OPERATING PROFIT ADJUSTMENTS				
Inventory step-up amortization	$ —	$ —	$ 1,563	$ —
NON-OPERATING EXPENSE ADJUSTMENTS				
Pension settlement loss	$ 41,221	$ —	$ 41,221	$ —
Total adjustments	$ 41,221	$ —	$ 42,784	$ —
Adjustments net of tax	$ 32,450	$ —	$ 33,795	$ —
EPS effect of adjustments	$ 0.56	$ —	$ 0.58	$ —
NON-GAAP MEASURES-ADJUSTED PROFITABILITY				
Operating profit [1]	$ 183,973	$ 166,391	$ 341,396	$ 275,416
Operating profit % of sales	29.0 %	28.2 %	27.4 %	24.7 %
Net income [2]	$ 142,084	$ 124,144	$ 263,838	$ 201,726
Diluted earnings per share [3]	$ 2.43	$ 2.12	$ 4.50	$ 3.44

[1] Adjusted operating profit is defined as operating profit plus certain adjustments such as non-cash inventory charges related to the NDC acquisition. Adjusted operating profit as a percentage of sales is defined as adjusted operating profit divided by sales.

[2] Adjusted net income is defined as net income plus tax effected adjustments and other discrete tax items.

[3] Adjusted earnings per share is defined as GAAP EPS adjusted for tax effected adjustments and other discrete tax items.

Management uses these non-GAAP measures internally to make strategic decisions, forecast future results, and evaluate the Company's current performance. Given management's use of these non-GAAP measures, the Company believes these measures are important to investors in understanding the Company's current and future operating results as seen through the eyes of management. In addition, management believes these non-GAAP measures are useful to investors in enabling them to better assess changes in the Company's core business across different time periods. Because non-GAAP financial measures are not standardized, it may not be possible to compare these financial measures to other companies' non-GAAP financial measures, even if they have similar names. Amounts may not add due to rounding.