3Q Fiscal 2023
Webcast

Ascend
STRATEGY

August 22, 2023

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 words or phrases 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, and tensions between the United States and China, acts of terror, natural disasters and pandemics, including the recent 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

Agenda

3Q Fiscal 2023 Webcast – August 22, 2023

- Third Quarter Highlights
- Sales Performance and Earnings Review
- Balance Sheet and Cash Flow
- Enterprise Performance, including ARAG acquisition update
- FY 2023 and 4Q 2023 Guidance
- Q&A



Sundaram Nagarajan
President and
Chief Executive Officer



Joseph Kelley
Executive Vice President,
Chief Financial Officer



Lara Mahoney
Vice President,
Investor Relations

Q3 2023 Highlights



- Operational execution in the quarter delivered strong profitability and cash flow
- Diversification supports performance
  - **Product lines**: Growth in medical interventional solutions, polymer processing and test and inspection, offset most of the weakness in electronics and biopharma
  - **Geographies**: Mid-single digit growth in Americas and Europe, offset by pressure in Asia Pacific

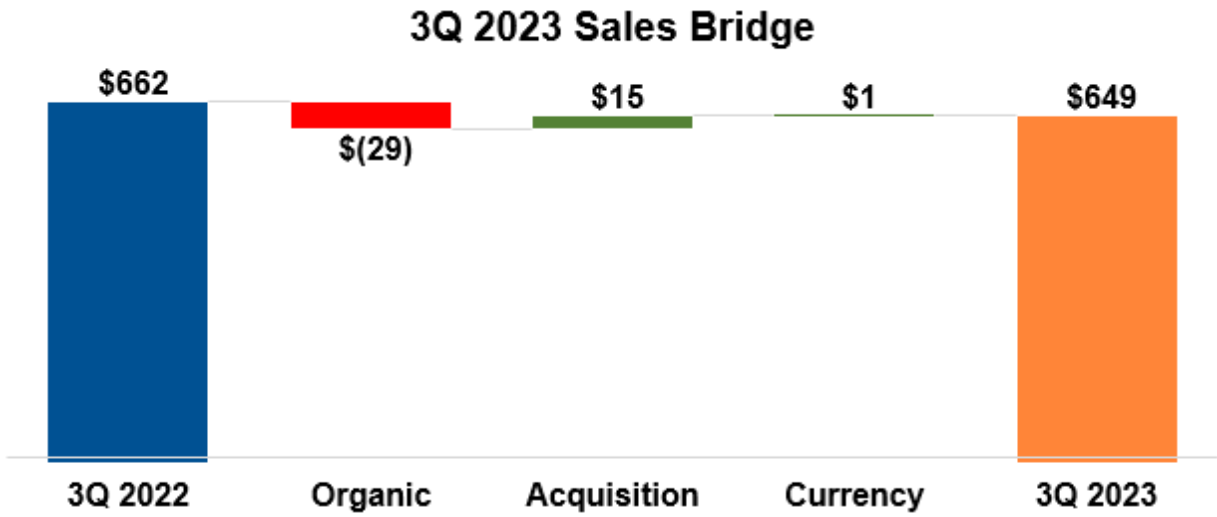
Total Company – 3Q 2023

Sales

- Reported sales decreased 2%, inclusive of 5% organic decline; 2% acquisitive growth
- Ongoing pressure in electronics, primarily semiconductor, and biopharma end markets, partially offset by strong growth in medical interventional solutions and polymer processing product lines
- Organic sales decrease driven by volume pressure in Asia Pacific, which more than offset growth in Americas and Europe

EBITDA+

- EBITDA was $208 million, 32% of sales; OP margin 28% of sales
- EBITDA decrease of 2% was driven by lower sales volume
- Decremental margins of 56% in line with company targeted performance



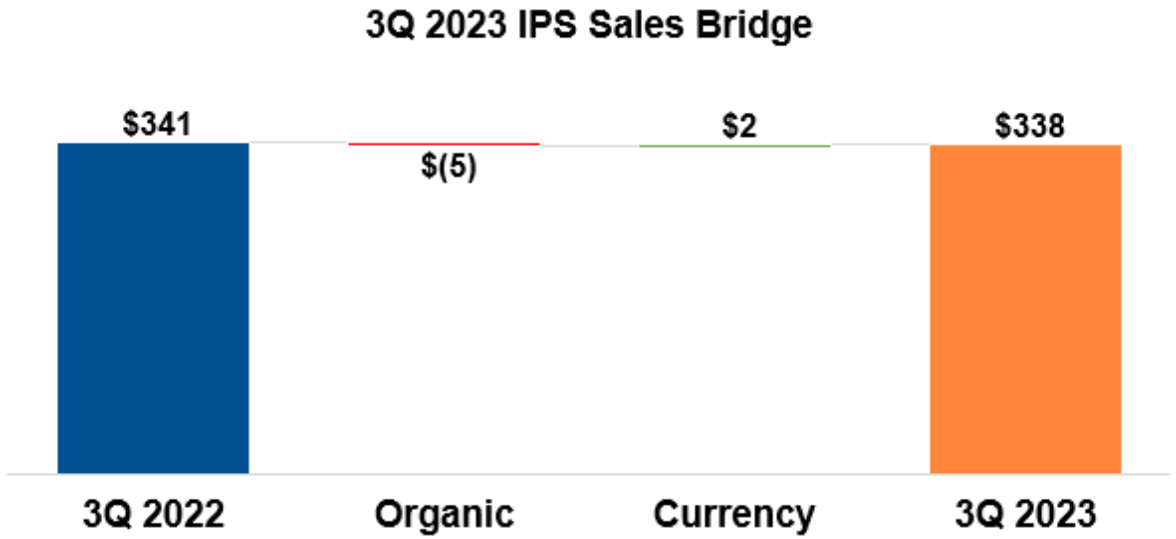
	3Q 2022	3Q 2023	Δ
Sales	$662.1	$648.7	-2%
Operating Profit+	$188.3	$180.8	-4%
EBITDA+	$213.2	$207.9	-2%
EPS GAAP	$2.45	$2.22	-9%
EPS Adjusted+	$2.49	$2.35	-6%

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

Industrial Precision Solutions – 3Q 2023

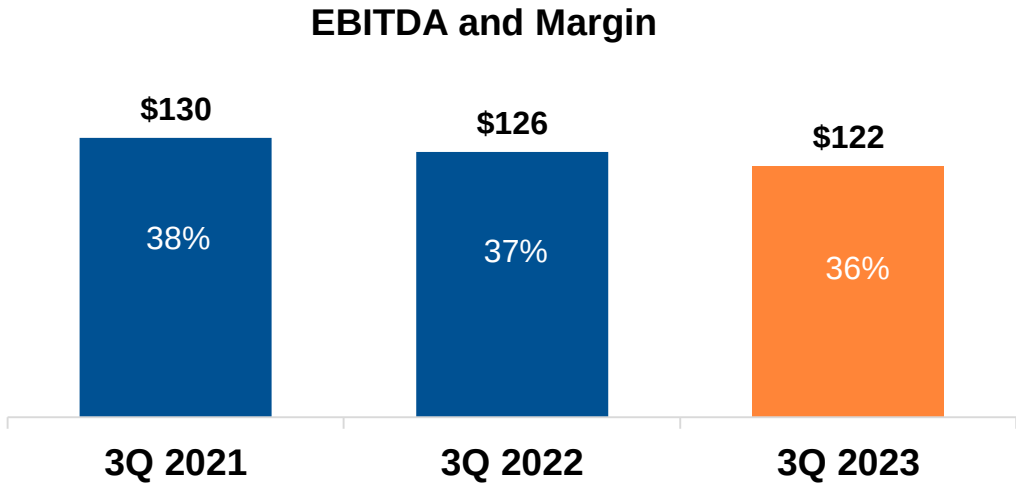
Sales

- Sales decreased 1% to $338 million, inclusive of 2% organic sales decrease
- Decrease driven primarily by product assembly and nonwovens product lines in Asia Pacific, partially offset by continued strength in the polymer processing product lines
- Year-to-date organic sales growth of 3%, following two years of double-digit growth



EBITDA*

- EBITDA was $122 million, or 36% of sales
- Decrease driven by lower sales volume and unfavorable sales mix due to higher sales volume in polymer processing product lines
- Sequential improvement compared to the prior two quarters of fiscal 2023; Q3 year-to-date is $4 million higher than the prior year



*Non-GAAP numbers - See appendix for reconciliation.

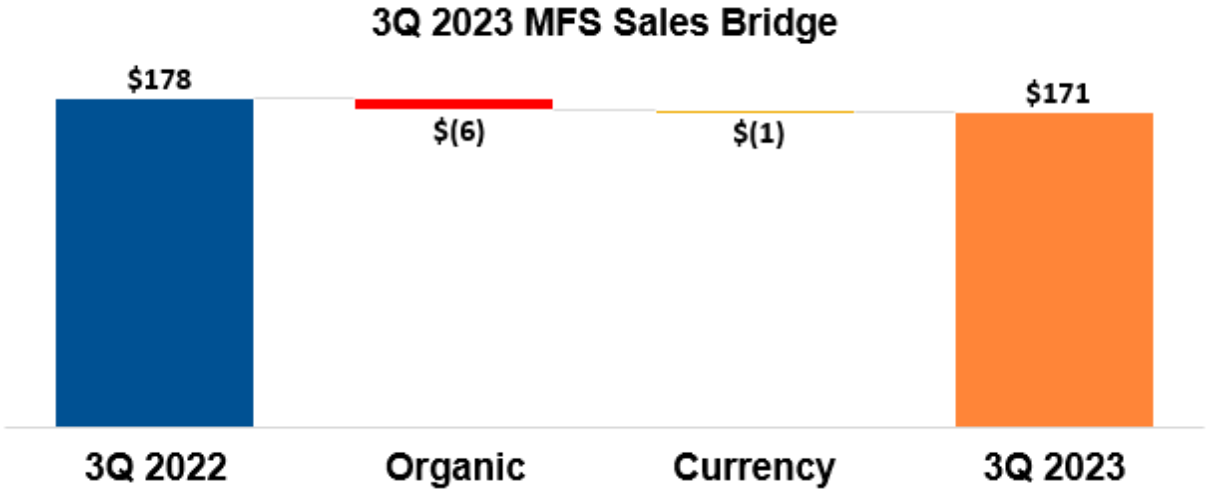
Medical and Fluid Solutions – 3Q 2023

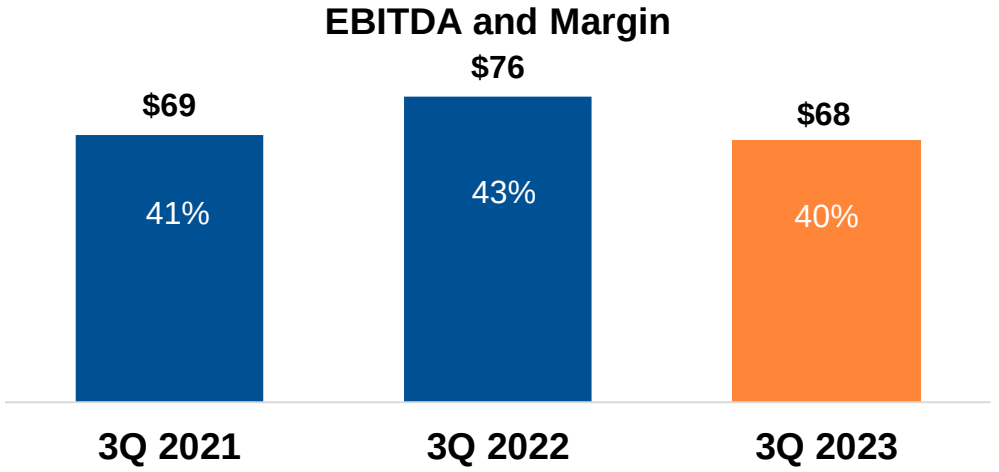
Sales

- Sales of $171 million, decrease of 4%
- Double-digit growth for medical interventional solutions product lines was offset by continued softness in medical fluid components for biopharma applications and fluid solutions product lines for electronic assembly primarily in Asia

EBITDA*

- EBITDA was $68 million, or 40% of sales
- Decrease driven by meaningful sales mix changes within medical product lines
- EBITDA improved 200 basis points over the second quarter of 2023; returning to profitability levels of full years 2021 and 2022





*Non-GAAP numbers - See appendix for reconciliation.

Advanced Technology Solutions – 3Q 2023

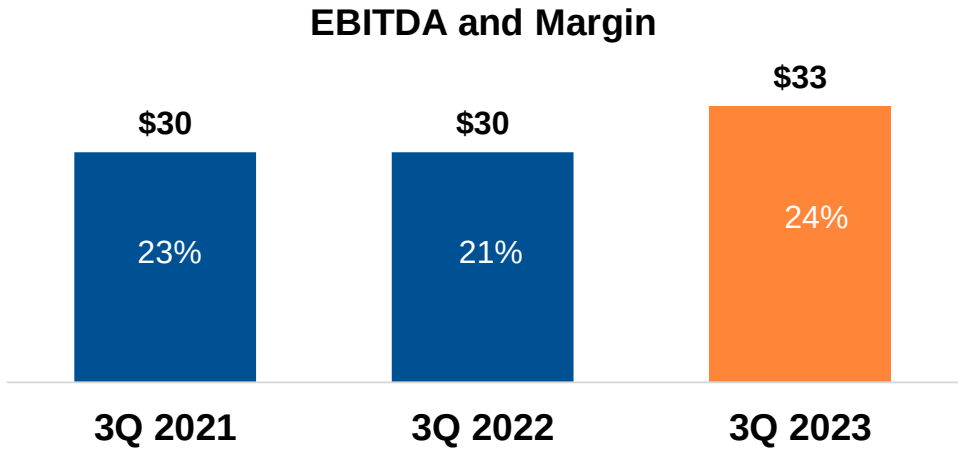
Sales

- Sales decreased 3% to $140 million, inclusive of a 13% decrease in organic sales, partially offset by an 11% increase from acquisition
- Organic sales decrease driven by electronics dispense products serving semiconductor end markets predominantly in Asia Pacific, slightly offset by continued growth in test and inspection product lines



EBITDA*

- EBITDA was $33 million, or 24% of sales
- Increase driven by favorable sales mix and continued realization of cost savings actions



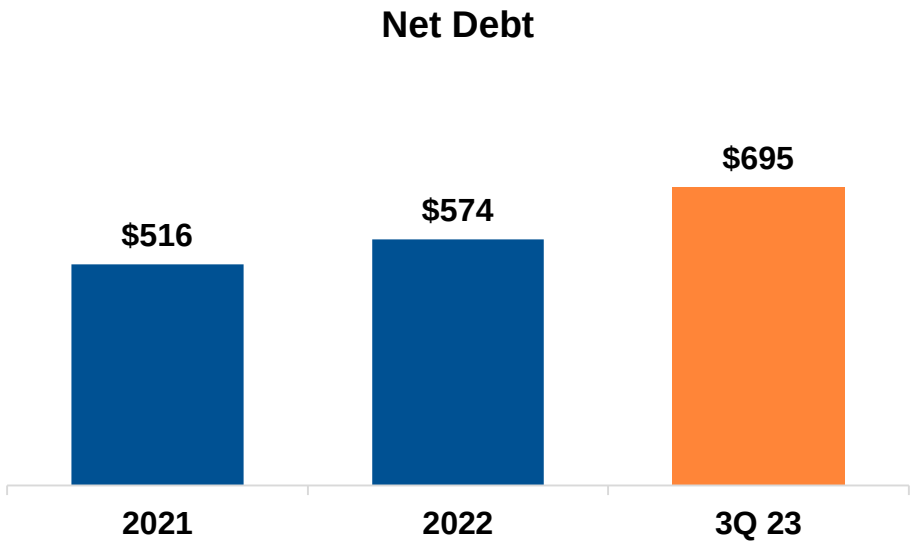
*Non-GAAP numbers - See appendix for reconciliation.

Balance Sheet and Cash Flow

Strong Cash Flow with Sufficient Liquidity to Invest in Strategic Initiatives

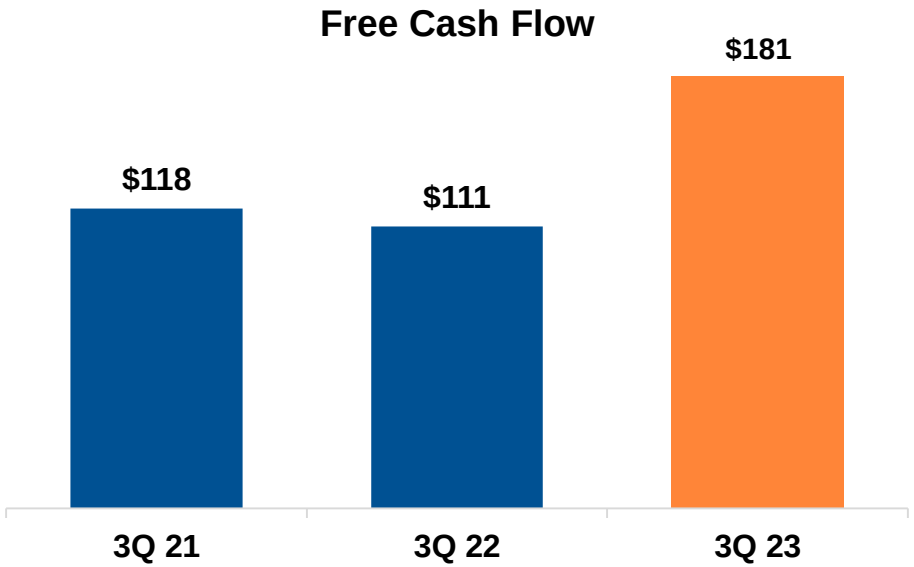
Net Debt

- Cash totaled $143 million
- Net debt of $695 million, reflective of $111 million debt repayment in the quarter
- 0.9 net debt leverage ratio based on trailing 12-month EBITDA



Free Cash Flow

- Strong free cash flow of $181 million
- Year-to-date cash conversion rate on net income is 126%
- Marked 60 consecutive years of dividend increases



Enterprise Performance



- End market visibility:
  - Short-term sales weakness related to the biopharma market correction in fluid components. Expect to anniversary by the end of 1Q24.
  - Weakness in electronics dispense products lines near the bottom of the cycle. Expect inflection in 2H24
  - Experiencing growth in Americas and Europe
- Continuing to execute Ascend Strategy goals of $3 billion in revenue and sustaining 30%+ EBITDA margins by fiscal 2025

ARAG Group

Differentiated dispense technology for precision agriculture

Acquisition announced June 26, 2023

- Precision dispense is core to Nordson
- Differentiated technology generates Nordson-like gross margins
- Customer-centric business model
- Expands capabilities into high-growth precision agriculture end market

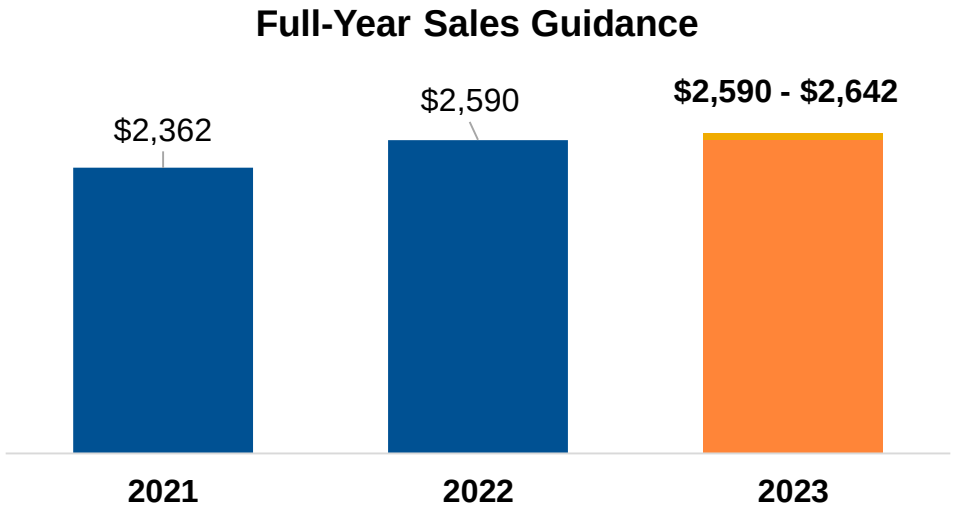
Expect to close by end of August 2023

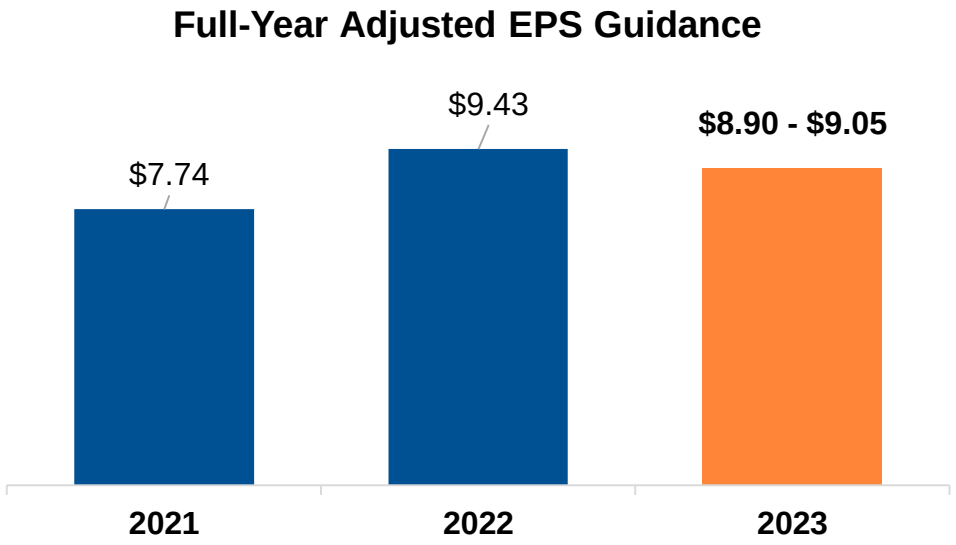


Full-Year Fiscal 2023 Guidance

Narrowing guidance, sustaining record 2022 sales performance

- Narrowing fiscal 2023 sales growth guidance of 0% - 2%, inclusive of $20-$30 million from ARAG
- Narrowing adjusted earnings range to $8.90 to $9.05
- Full-year interest expense increased $30 million, or $0.41 per share.
- Sustaining 2022 record sales performance is a testament to our dedicated employees, diversification of products and geographies, and solid execution of Ascend strategy

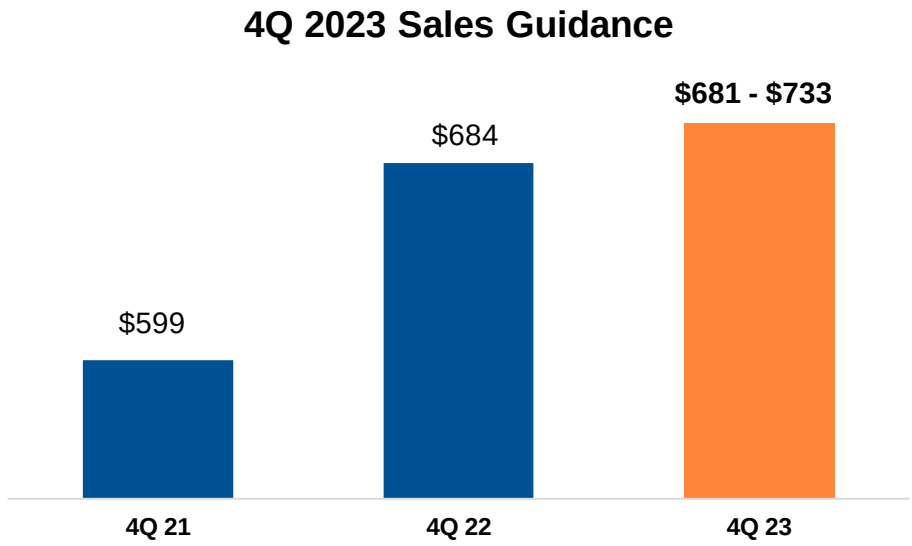


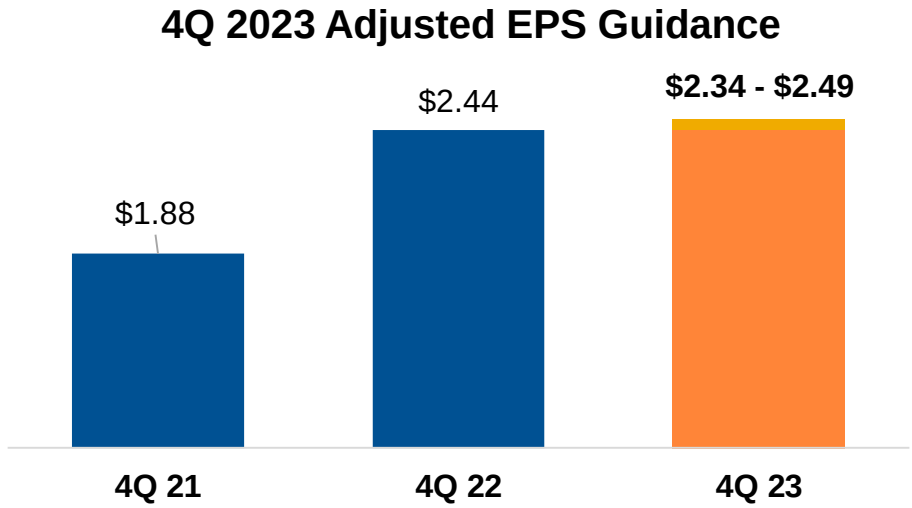


4Q Fiscal 2023 Guidance

Steady Growth

- 4Q will be strongest sales of the year, increasing low-mid single digits over prior year
- ARAG, expected to close by late August 2023, is expected to contribute $20-$30 million of sales in Q4
- Backlog remains strong in historical terms at $890 million, heavily weighted toward systems and medical interventional solutions
- Adjusted earnings are forecasted in the range of $2.34 to $2.49 per share





Questions?

Nordson

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 severance, fees 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.
- Constant currency sales is defined as sales growth excluding the impacts of changes in foreign currencies. We express period over period revenue variances that are calculated in constant currency as a percentage.
- Free cash flow is defined as cash flow provided by operating activities less additions to property, plant and equipment.
- Net debt is defined as total long-term debt less cash and cash equivalents.

Amounts may be rounded.

See the company's earnings release for the third quarter ended July 31, 2023, for a reconciliation of the non-GAAP measures Adjusted Operating Profit and EBITDA.

Nordson

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		Nine Months Ended	
	July 31, 2023	July 31, 2022	July 31, 2023	July 31, 2022
SALES BY SEGMENT				
Industrial Precision Solutions	$ 338,257	$ 341,215	$ 985,610	$ 981,582
Medical and Fluid Solutions	170,871	177,840	491,683	508,836
Advanced Technology Solutions	139,549	143,073	432,026	416,279
Total sales	$ 648,677	$ 662,128	$1,909,319	$1,906,697
OPERATING PROFIT				
Industrial Precision Solutions	$ 115,346	$ 119,706	$ 329,439	$ 324,089
Medical and Fluid Solutions	54,019	58,103	141,326	165,510
Advanced Technology Solutions	27,083	28,155	70,136	95,533
Corporate	(25,452)	(21,046)	(53,179)	(60,381)
Total operating profit	$ 170,996	$ 184,918	$ 487,722	$ 524,751
OPERATING PROFIT ADJUSTMENTS [1]				
Industrial Precision Solutions	$ —	$ —	$ —	$ 1,563
Medical and Fluid Solutions	—	2,498	1,479	2,498
Advanced Technology Solutions	2,049	—	14,304	—
Corporate	7,732	897	7,731	897
Total adjustments	$ 9,781	$ 3,395	$ 23,514	$ 4,958

ADJUSTED OPERATING PROFIT (NON-GAAP) [2]		% of Sales		% of Sales		% of Sales		% of Sales
Industrial Precision Solutions	$ 115,346	34%	$ 119,706	35%	$ 329,439	33%	$ 325,652	33%
Medical and Fluid Solutions	54,019	32%	60,601	34%	142,805	29%	168,008	33%
Advanced Technology Solutions	29,132	21%	28,155	20%	84,440	20%	95,533	23%
Corporate	(17,720)		(20,149)		(45,448)		(59,484)	
Total operating profit - adjusted	$ 180,777	28%	$ 188,313	28%	$ 511,236	27%	$ 529,709	28%
DEPRECIATION & AMORTIZATION								
Industrial Precision Solutions	$ 7,036		$ 6,347		$ 21,166		$ 20,705	
Medical and Fluid Solutions	14,133		15,021		41,441		42,146	
Advanced Technology Solutions	3,834		2,195		11,656		6,705	
Corporate	2,099		1,324		6,374		5,686	
Total depreciation & amortization	$ 27,102		$ 24,887		$ 80,637		$ 75,242	

EBITDA (NON-GAAP) [2]								
Industrial Precision Solutions	$ 122,382	36%	$ 126,053	37%	$ 350,605	36%	$ 346,357	35%
Medical and Fluid Solutions	68,152	40%	75,622	43%	184,246	37%	210,154	41%
Advanced Technology Solutions	32,966	24%	30,350	21%	96,096	22%	102,238	25%
Corporate	(15,621)		(18,825)		(39,074)		(53,798)	
Total EBITDA	$ 207,879	32%	$ 213,200	32%	$ 591,873	31%	$ 604,951	32%

[1] Represents severance, as well as fees and non-cash inventory charges associated with acquisitions.

[2] Adjusted operating profit and EBITDA are non-GAAP measures used by management to evaluate the Company's ongoing operations. Adjusted operating profit is defined as operating profit plus certain adjustments, such as severance, fees and non-cash inventory charges associated with acquisitions. 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		Nine Months Ended	
	July 31, 2023	July 31, 2022	July 31, 2023	July 31, 2022
GAAP AS REPORTED				
Operating profit	$ 170,996	$ 184,918	$ 487,722	$ 524,751
Other / interest expense - net	(8,944)	(4,413)	(32,963)	(53,012)
Net income	127,891	141,811	359,715	371,854
Diluted earnings per share	$ 2.22	$ 2.45	$ 6.24	$ 6.37
Shares outstanding - diluted	57,530	57,969	57,657	58,392
OPERATING PROFIT ADJUSTMENTS				
Inventory step-up amortization	$ —	$ —	$ 4,306	$ 1,563
Acquisition Costs	7,732	—	13,721	—
Severance and other	2,049	3,395	5,487	3,395
NON-OPERATING EXPENSE ADJUSTMENTS				
Pension settlement loss	$ —	$ —	$ —	$ 41,221
Total adjustments	$ 9,781	$ 3,395	$ 23,514	$ 46,179
Adjustments net of tax	$ 7,719	$ 2,667	$ 18,600	$ 36,401
EPS effect of adjustments and other discrete tax items	$ 0.13	$ 0.04	$ 0.32	$ 0.62
NON-GAAP MEASURES-ADJUSTED PROFITABILITY				
Operating profit [1]	$ 180,777	$ 188,313	$ 511,236	$ 529,709
Operating profit % of sales	27.9 %	28.4 %	26.8 %	27.8 %
Net income [2]	$ 135,610	$ 144,478	$ 378,315	$ 408,255
Diluted earnings per share [3]	$ 2.35	$ 2.49	$ 6.56	$ 6.99

[1] Adjusted operating profit is defined as operating profit plus certain adjustments, such as severance, fees and non-cash inventory charges related to acquisitions. 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.