Nordson

4Q & Full-Year Fiscal 2023

Webcast

December 14, 2023

Ascend STRATEGY

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, acts of terror, natural disasters and pandemics, including the 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.

Agenda

4Q and Full-Year Fiscal 2023 Webcast – December 14, 2023

- 4th Quarter and Full-Year Highlights
- Sales Performance and Earnings Review
- Balance Sheet and Cash Flow
- Enterprise Performance
- FY 2024 and 1Q 2024 Guidance
- Q&A



Sundaram Nagarajan
President and
Chief Executive Officer



Joseph Kelley
Executive Vice President,
2023 Chief Financial Officer



Stephen Shamrock
Vice President, Interim
Chief Financial Officer



Lara Mahoney
Vice President,
Investor Relations

Highlights

Strong execution and NBS Next driving record sales and EBITDA



- Ascend Strategy on track to achieve $3 billion in sales and 30%+ EBITDA margins by fiscal 2025
- FY 2023 Results:
  - Record sales
  - 31% EBITDA Margin
  - Record cash flow
- Solid result in dynamic environment

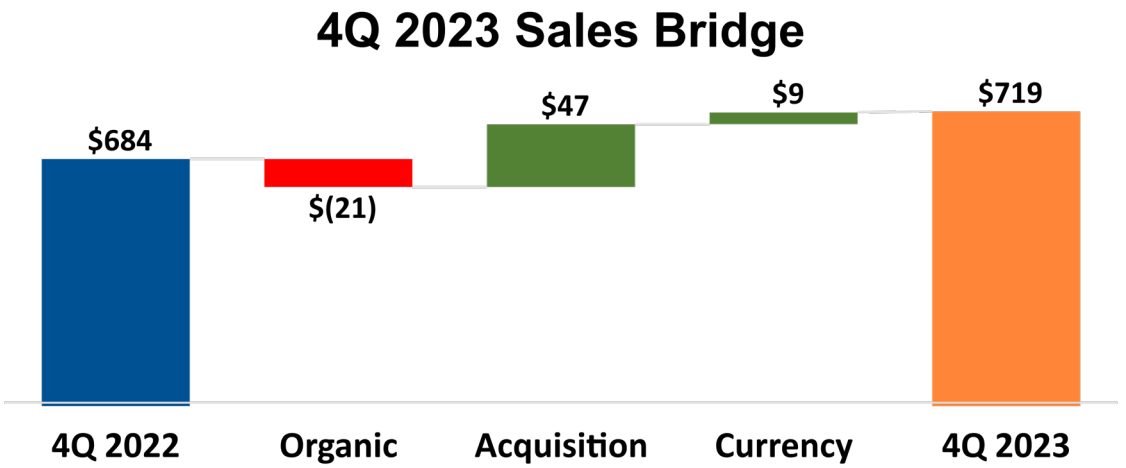
Total Company – 4Q 2023

Sales

- Reported sales increased 5%
- 7% acquisitive growth and favorable currency of 1%
- Organic decrease of 3% driven by electronics dispense and biopharma

EBITDA*

- EBITDA was quarterly record of $227 million, 32% of sales; 200 basis points above LT target
- EBITDA increased 12% driven by industrial precision product line growth and the recent acquisition of ARAG



	4Q 2022	4Q 2023	Δ
Sales	$683.6	$719.3	5%
Operating Profit*	$177.6	$195.8	10%
EBITDA*	$202.3	$227.1	12%
EPS GAAP	$2.44	$2.22	-9%
EPS Adjusted	$2.44	$2.46	1%

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

Total Company – Fiscal 2023

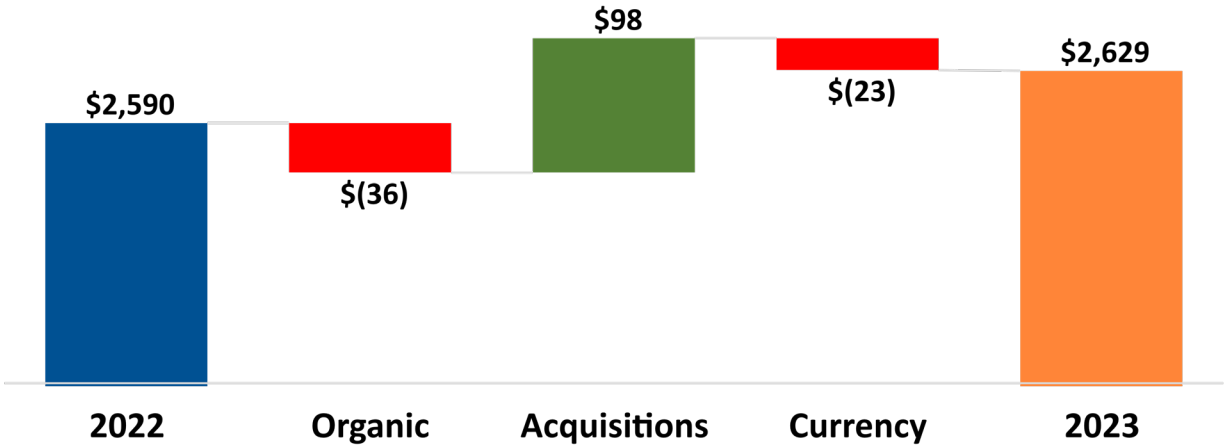
Record Annual Sales

- Annual sales of $2.6 billion, an increase of 2%
- 4% growth driven by the CyberOptics and ARAG acquisitions, 1% decrease in both organic volume and currency

EBITDA*

- EBITDA was a record $819 million, 31% of sales
- EBITDA increased 1%, marking third consecutive year of EBITDA growth

Full-Year Sales Bridge



	FY 2022	FY 2023	Δ
Sales	$2,590.3	$2,628.6	2%
Operating Profit*	$707.3	$707.1	Flat
EBITDA*	$807.2	$819.0	1%
EPS GAAP	$8.81	$8.46	-4%
EPS Adjusted*	$9.43	$9.03	-4%

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

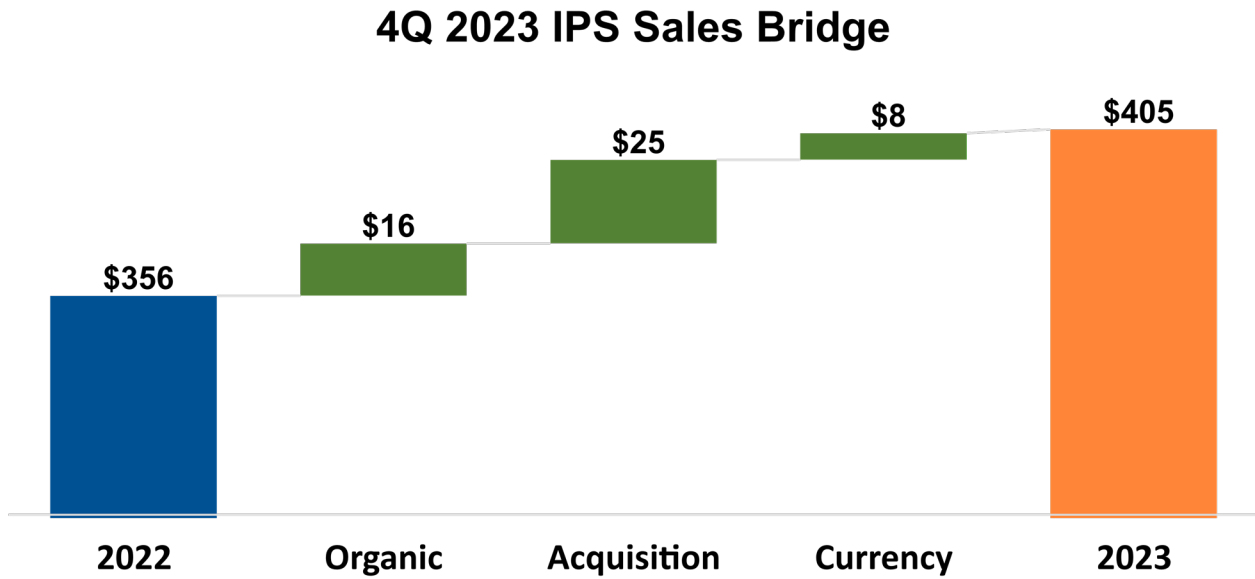
Industrial Precision Solutions – 4Q 2023

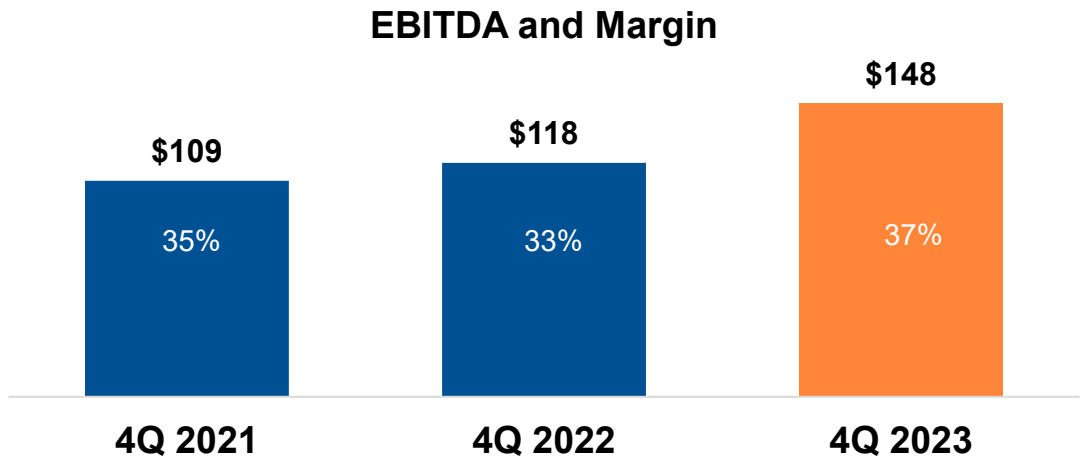
Sales

- Sales of $405 million, a 14% sales increase
- 4% organic growth; 7% acquisition; 2% favorable currency impact
- Record sales driven by industrial coatings, polymer processing and packaging product lines
- Strong system sales in the Americas and Asia Pacific

EBITDA*

- EBITDA was $148 million, or 37% of sales
- Increase of 26% compared to prior year, driven by leveraging organic sales at strong incremental margins plus the benefit of the ARAG acquisition





*Non-GAAP numbers - See appendix for reconciliation.

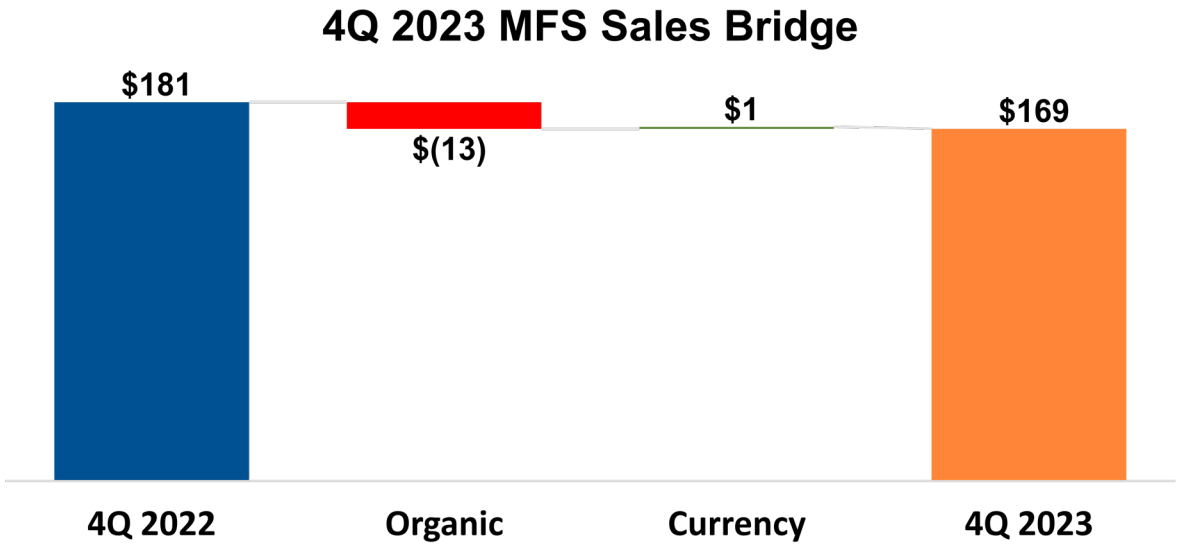
Medical and Fluid Solutions – 4Q 2023

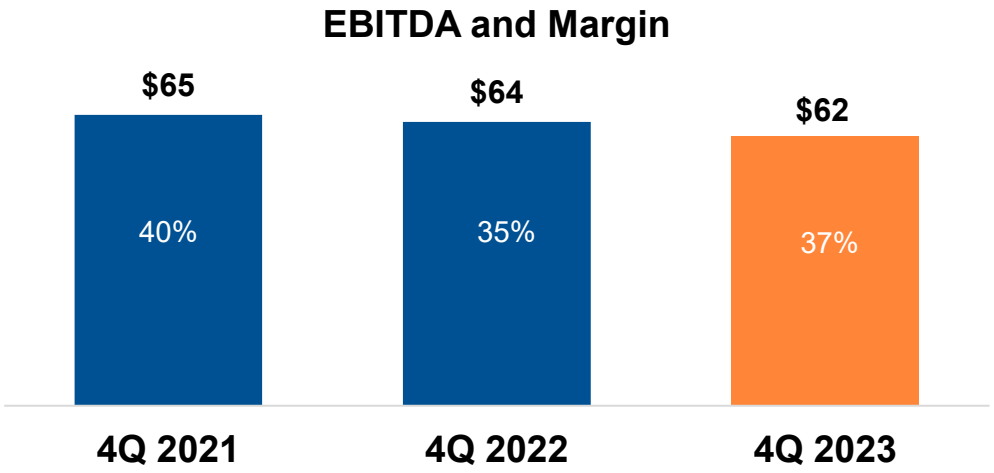
Sales

- Sales of $169 million, decrease of 7%
- Organic decrease of 8%, slightly offset by a favorable currency impact of 1%
- Organic sales decrease was driven by medical fluid components and fluid solutions product lines

EBITDA*

- EBITDA was $62 million, or 37% of sales
- Improved as a percent of sales compared to the prior year due to improved factory efficiencies





*Non-GAAP numbers - See appendix for reconciliation.

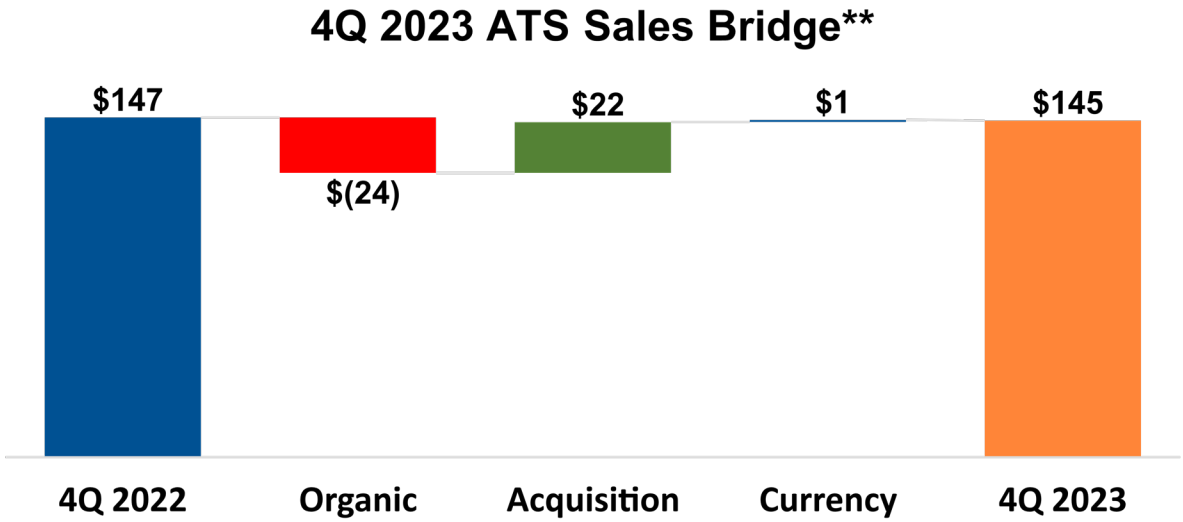
Advanced Technology Solutions – 4Q 2023

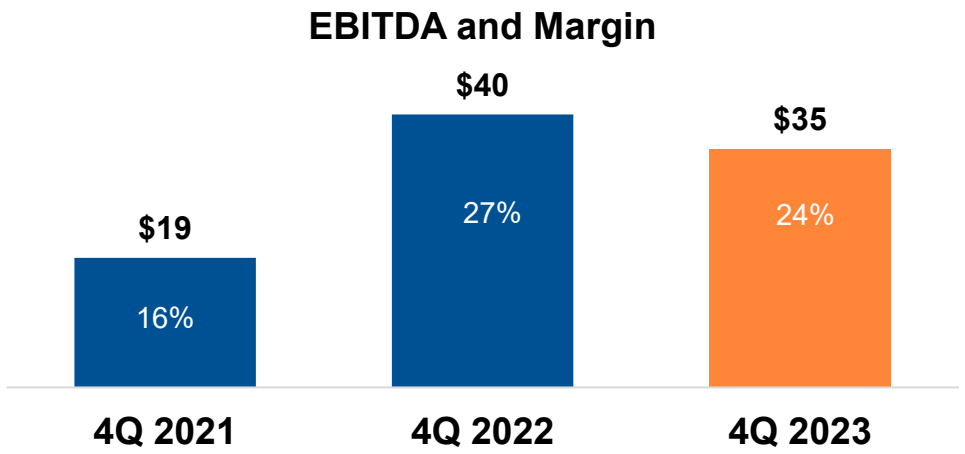
Sales

- Sales of $145 million, decrease of 1%
- 16% organic decline; 15% acquisition
- Organic sales decline was driven by softness in products serving the semiconductor market

EBITDA*

- EBITDA was $35 million, or 24% of sales
- Decrease driven by organic sales decline





**Amounts may not add due to rounding

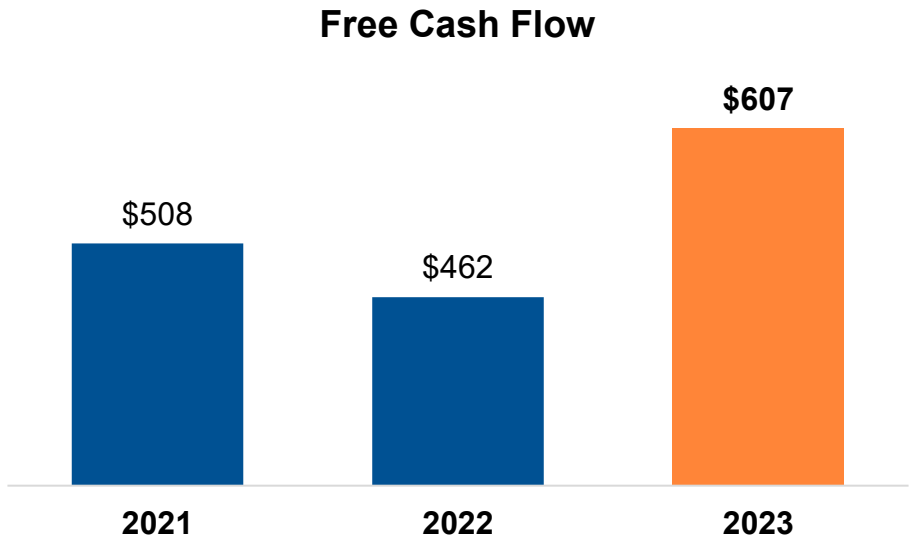
*Non-GAAP numbers - See appendix for reconciliation.

Balance Sheet and Cash Flow

Strong Cash Flow with Sufficient Liquidity to Invest in Strategic Initiatives

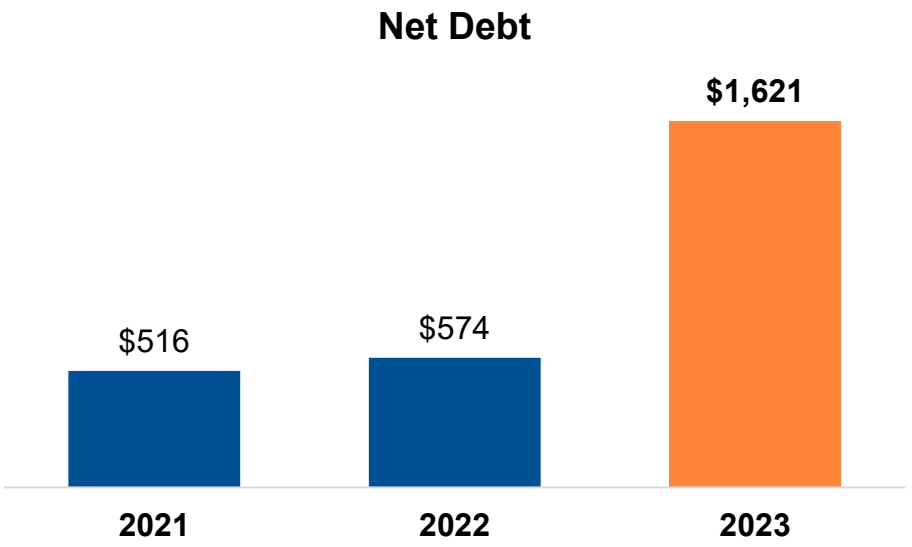
Free Cash Flow

- Q4 cash flow of $153 million, leading to record free cash flow of $607 million in fiscal 2023
- Conversion rate of 124% of net income



Net Debt

- Cash totaled $116 million
- 2.0 net debt leverage ratio based on trailing 12-month EBITDA



Ascend
STRATEGY

On track to achieve 2025 targets of $3 billion in revenue and 30%+ EBITDA

NBS Next

- Investing in the best organic growth opportunities
- Customer needs and simplicity driving new product innovation
- Strategic capital deployment generating ~$400 million in acquired revenue

Owner Mindset

- Empowered leaders making decisions close to the customer
- Agile, operational execution delivering high quality earnings

Winning Teams

- Developing winning teams at each level of the organization
- Right balance between external hires and internal promotions

Culture & Values

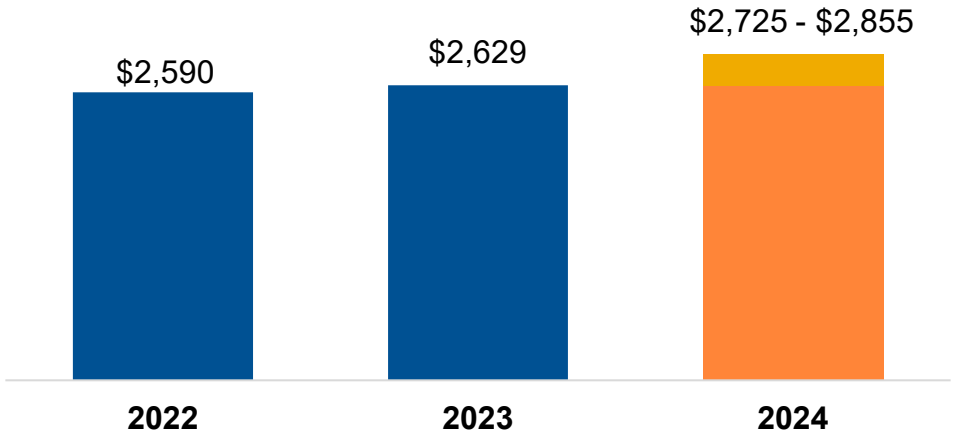
- Sustaining Nordson's special culture while we add new capabilities
- Living our values – donated over $13 million and 2,000+ volunteer hours to our communities

2024 Fiscal Full-Year Guidance

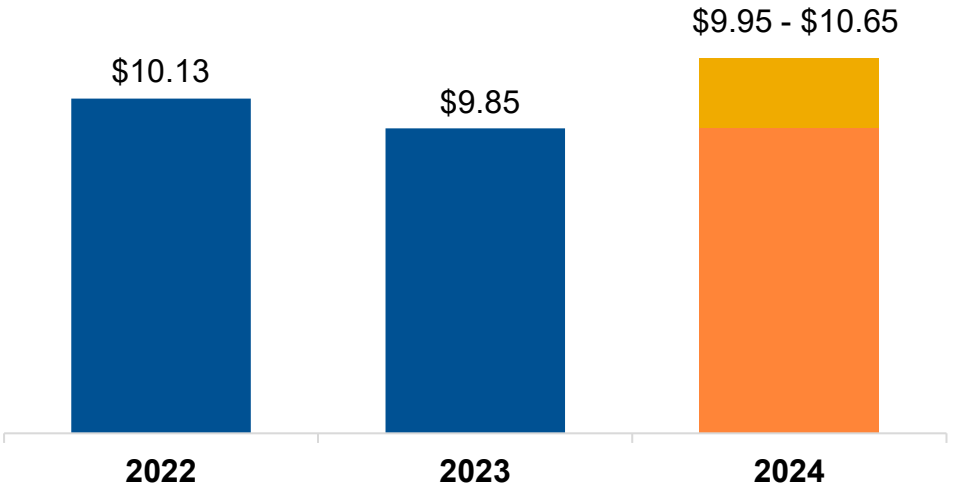
Full-Year Growth from Record 2023

- Ascend strategy is advancing and delivering results
- Backlog, including ARAG, is ~$800 million
- Fiscal 2024 sales growth of 4% to 9%
- Adjusted earnings in the range of 1% to 8% growth

Full-Year Sales Guidance



Full-Year Adjusted EPS Guidance*



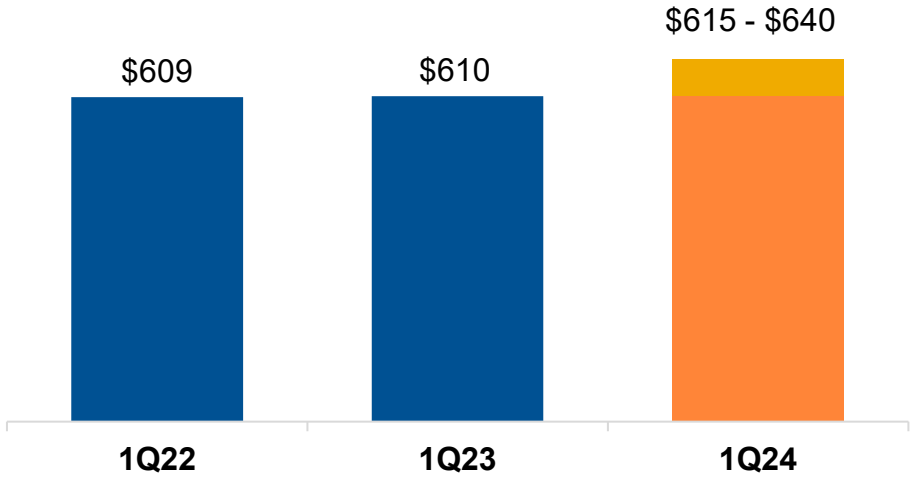
*See appendix for reconciliation of historical adjusted earnings, now excluding acquisition related amortization

2024 Fiscal 1Q Guidance

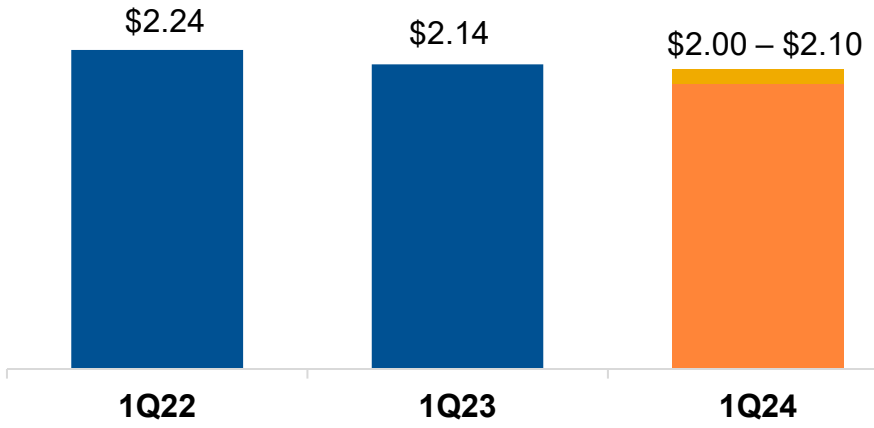
Steady performance moving into 1Q

- 1Q 24 sales of $615 - $640 million
- 1Q 24 adjusted earnings per share in the range of $2.00 - $2.10
- Increased interest expense is ~$0.15 per share headwind in 1Q 24

1Q 2024 Sales Guidance



1Q 2024 Adjusted EPS Guidance*



*See appendix for reconciliation of historical adjusted earnings, now excluding acquisition related amortization

Questions?

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		Twelve Months Ended	
	October 31, 2023	October 31, 2022	October 31, 2023	October 31, 2022
SALES BY SEGMENT				
Industrial precision solutions	$ 405,436	$ 355,659	$1,391,046	$1,337,242
Medical and fluid solutions	168,632	181,342	660,316	690,177
Advanced technology solutions	145,245	146,580	577,270	562,859
Total sales	$ 719,313	$ 683,581	$2,628,632	$2,590,278
OPERATING PROFIT				
Industrial precision solutions	$ 131,450	$ 110,387	$ 460,889	$ 434,476
Medical and fluid solutions	48,041	51,689	189,367	217,199
Advanced technology solutions	31,526	37,720	101,662	133,253
Corporate	(25,978)	(22,187)	(79,157)	(82,568)
Total operating profit	$ 185,039	$ 177,609	$ 672,761	$ 702,360
OPERATING PROFIT ADJUSTMENTS [1]				
Industrial precision solutions	$ 4,658	$ —	$ 4,658	$ 1,563
Medical and fluid solutions	—	—	1,479	2,498
Advanced technology solutions	—	—	14,304	—
Corporate	6,142	—	13,874	897
Total adjustments	$ 10,800	$ —	$ 34,315	$ 4,958

ADJUSTED OPERATING PROFIT (NON-GAAP)		% of Sales		% of Sales		% of Sales		% of Sales
Industrial precision solutions	$ 136,108	34 %	$ 110,387	31 %	$ 465,547	33 %	$ 436,039	33 %
Medical and fluid solutions	48,041	28 %	51,689	29 %	190,846	29 %	219,697	32 %
Advanced technology solutions	31,526	22 %	37,720	26 %	115,966	20 %	133,253	24 %
Corporate	(19,836)		(22,187)		(65,283)		(81,671)	
Total operating profit - adjusted	$ 195,839	27 %	$ 177,609	26 %	$ 707,076	27 %	$ 707,318	27 %
DEPRECIATION & AMORTIZATION								
Industrial precision solutions	$ 12,062		$ 7,186		$ 33,228		$ 27,891	
Medical and fluid solutions	13,547		12,528		54,988		54,674	
Advanced technology solutions	3,529		2,075		15,185		8,780	
Corporate	2,123		2,892		8,497		8,578	
Total depreciation & amortization	$ 31,261		$ 24,681		$ 111,898		$ 99,923	
EBITDA (NON-GAAP) [2]								
Industrial precision solutions	$ 148,170	37 %	$ 117,573	33 %	$ 498,775	36 %	$ 463,930	35 %
Medical and fluid solutions	61,588	37 %	64,217	35 %	245,834	37 %	274,371	40 %
Advanced technology solutions	35,055	24 %	39,795	27 %	131,151	23 %	142,033	25 %
Corporate	(17,713)		(19,295)		(56,786)		(73,093)	
Total EBITDA	$ 227,100	32 %	$ 202,290	30 %	$ 818,974	31 %	$ 807,241	31 %

[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		Twelve Months Ended	
	October 31, 2023	October 31, 2022	October 31, 2023	October 31, 2022
GAAP AS REPORTED				
Operating profit	$ 185,039	$ 177,609	$ 672,761	$ 702,360
Other / interest expense - net	(24,459)	(69)	(57,422)	(53,081)
Net income	127,778	141,249	487,493	513,103
Diluted earnings per share	$ 2.22	$ 2.44	$ 8.46	$ 8.81
Shares outstanding - diluted	57,552	57,823	57,631	58,249
OPERATING PROFIT ADJUSTMENTS				
Inventory step-up amortization	$ 4,556	$ —	$ 8,862	$ 1,563
Severance and other	—	—	5,487	3,395
Acquisition costs	6,244	—	19,966	—
NON-OPERATING EXPENSE ADJUSTMENTS				
Pension settlement loss	$ —	$ —	$ —	$ 41,221
Interest	6,817	—	6,817	—
Total adjustments	$ 17,617	$ —	$ 41,132	$ 46,179
Adjustments net of tax	$ 14,019	$ —	$ 32,641	$ 36,355
EPS effect of adjustments and other discrete tax items	$ 0.24	$ —	$ 0.57	$ 0.62
NON-GAAP MEASURES-ADJUSTED PROFITABILITY				
Operating profit [1]	$ 195,839	$ 177,609	$ 707,076	$ 707,318
Operating profit % of sales	27.2 %	26.0 %	26.9 %	27.3 %
Net income [2]	$ 141,797	$ 141,249	$ 520,134	$ 549,458
Diluted earnings per share [3]	$ 2.46	$ 2.44	$ 9.03	$ 9.43

[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.

Reconciliation of Non-GAAP Measures

Profitability (Dollars in thousands)

Starting in fiscal 2024, the Company's definition of adjusted earnings will exclude acquisition related amortization for both current and historical periods. Historical periods for 2022 and 2023 listed here for reference.

NORDSON CORPORATION

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

	Three Months Ended				Twelve Months Ended
	October 31, 2023	July 31, 2023	April 30, 2023	January 31, 2023	October 31, 2023
GAAP net income as reported	$ 127,778	$ 127,891	$ 127,563	$ 104,261	$ 487,493
Diluted earnings per share	$ 2.22	$ 2.22	$ 2.21	$ 1.81	$ 8.46
Operating and non-operating adjustments	$ 17,617	$ 9,781	$ 3,439	$ 10,295	$ 41,132
Adjustments net of tax	$ 14,019	$ 7,719	$ 2,714	$ 8,189	$ 32,641
EPS effect of non-recurring adjustments	$ 0.24	$ 0.13	$ 0.05	$ 0.14	$ 0.57
Adjusted EPS (as previously reported)	$ 2.46	$ 2.35	$ 2.26	$ 1.95	$ 9.03
Acquisition amortization of intangibles	$ 17,881	$ 13,922	$ 14,044	$ 13,872	$ 59,719
Acquisition amortization net of tax	$ 14,228	$ 10,987	$ 11,084	$ 11,034	$ 47,333
EPS effect of acquisition amortization	$ 0.25	$ 0.19	$ 0.19	$ 0.19	$ 0.82
Revised adjusted EPS	$ 2.71	$ 2.54	$ 2.45	$ 2.14	$ 9.85

	Three Months Ended				Twelve Months Ended
	October 31, 2022	July 31, 2022	April 30, 2022	January 31, 2022	October 31, 2022
GAAP net income as reported	$ 141,249	$ 141,811	$ 109,634	$ 120,409	$ 513,103
Diluted earnings per share	$ 2.44	$ 2.45	$ 1.88	$ 2.05	$ 8.81
Operating and non-operating adjustments	$ —	$ 3,395	$ 41,221	$ 1,563	$ 46,179
Adjustments net of tax	$ —	$ 2,667	$ 32,450	$ 1,238	$ 36,355
EPS effect of non-recurring adjustments	$ —	$ 0.04	$ 0.56	$ 0.02	$ 0.62
Adjusted EPS (as previously reported)	$ 2.44	$ 2.49	$ 2.43	$ 2.07	$ 9.43
Acquisition amortization of intangibles	$ 12,459	$ 12,766	$ 12,753	$ 12,847	$ 50,825
Acquisition amortization net of tax	$ 9,911	$ 10,029	$ 10,039	$ 10,179	$ 40,158
EPS effect of acquisition amortization	$ 0.17	$ 0.17	$ 0.17	$ 0.17	$ 0.68
Revised adjusted EPS	$ 2.61	$ 2.67	$ 2.61	$ 2.24	$ 10.13