



# Investor Presentation

February 22, 2024

Nasdaq: NDSN

**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 these 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 recent 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 press release.



Nordson is an innovative precision technology company that leverages a scalable growth framework to deliver top tier growth with leading margins and returns.

Company Founded

**1954**

\*Sales

**\$2.6B**

\*EBITDA

**\$819M**

Employees

**7,900**

Countries with  
Direct Presence

**35+**



# By the Numbers

Consistent Record  
of Growth

**3%**

Sales Growth

Demonstrated  
Value to  
Customers

**55%**

Gross Margins

Disciplined focus  
on profitability

**29%**

EBITDA Margins

Solid Returns

**15%**

ROIC

Differentiated  
Product Portfolio\*

**2,100+**

Global Patents  
Held

Consistent value to  
shareholders

**60 yrs.**

of Annual  
Dividend  
Increases

# Commitment to ESG



## Diversified Board of Directors

- 4% diverse board (2 gender and 2 racially or ethnically diverse)
- 8 out of 9 independent directors
- 6 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



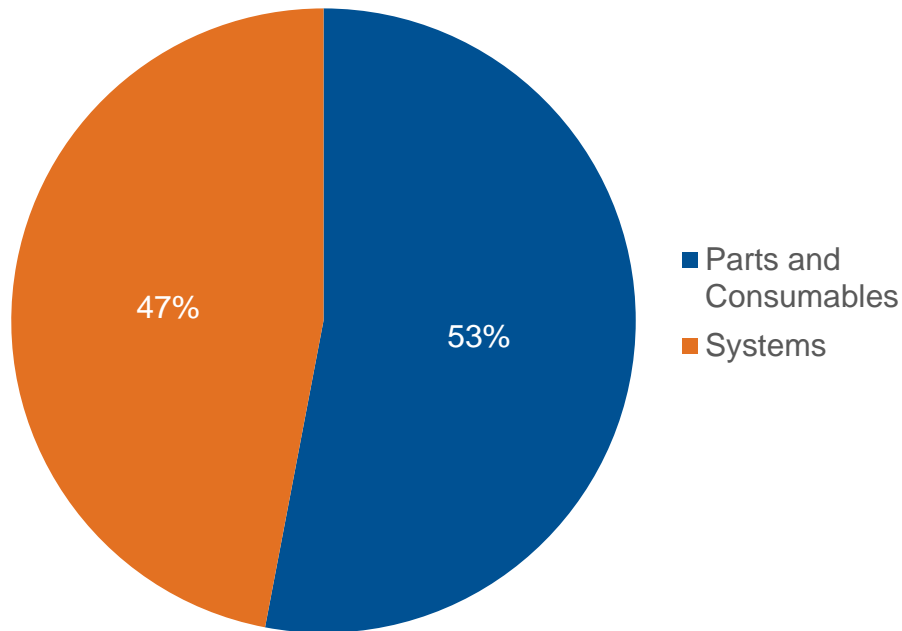
## Environmental Stewardship

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

# Diversified Sources of Sales

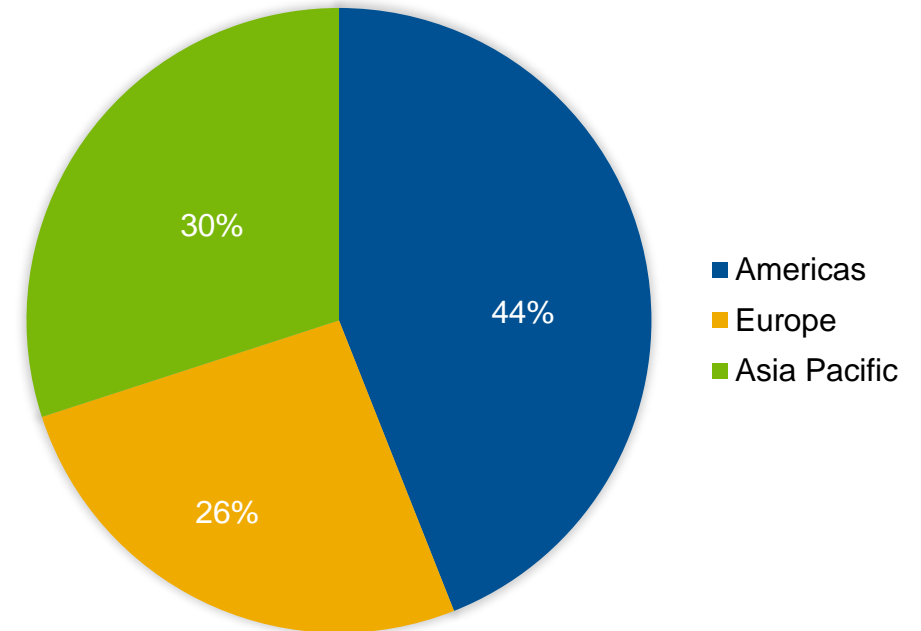
FY2023 Profile - \$2.6 Billion

## Product Type



High percentage of recurring sales from parts and consumables.

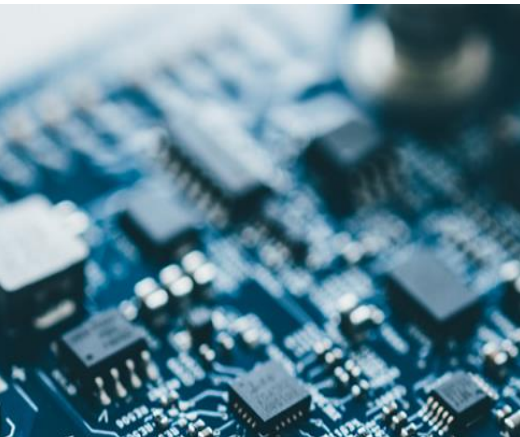
## Geographies



Diversified geographic footprint. Direct presence in over 35 countries.



# Diversified End Markets



**Electronics**  
27% of revenue



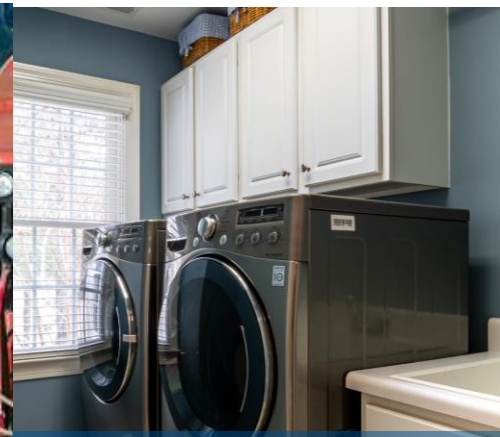
**Consumer Non-Durables**  
23% of revenue



**Medical**  
22% of revenue



**Industrial**  
15% of revenue



**Remaining Markets**  
13% of revenue

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

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

- 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

- Construction and industrial machinery
- Rigid container
- Aerospace
- Chemical
- Defense
- Energy

- Consumer durable
- Automotive
- Animal health & delivery systems

# How We Are Organized



## INDUSTRIAL PRECISION SOLUTIONS

Adhesives, Industrial Coatings Systems,  
Measurement and Control Solutions & Polymer Processing Systems

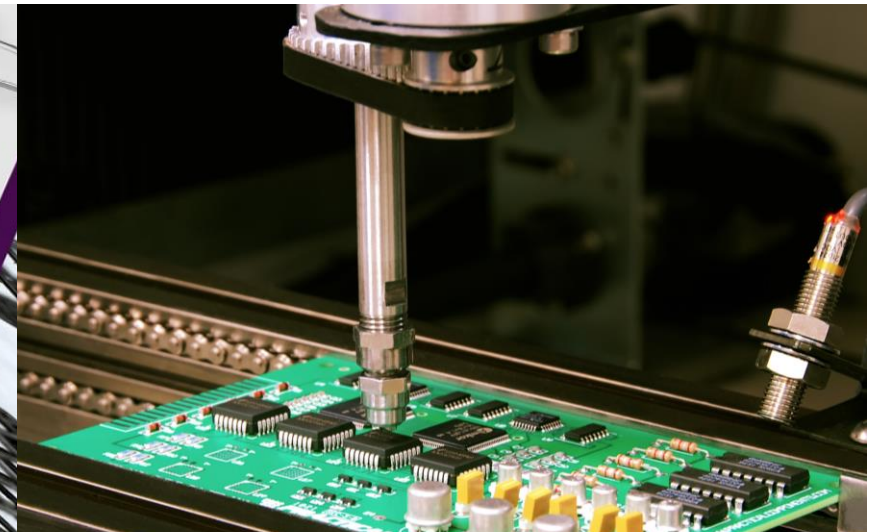
**53%**  
REVENUE



## MEDICAL FLUID SOLUTIONS

Medical &  
Fluid Management

**25%**  
REVENUE



## ADVANCED TECHNOLOGY SOLUTIONS

Electronic Processing Systems  
& Test and Inspection

**22%**  
REVENUE



# Industrial Precision Solutions

## 2023 Revenues

**\$1,391M**

2023  
Operating  
Margin\*

**34%**

2023  
EBITDA

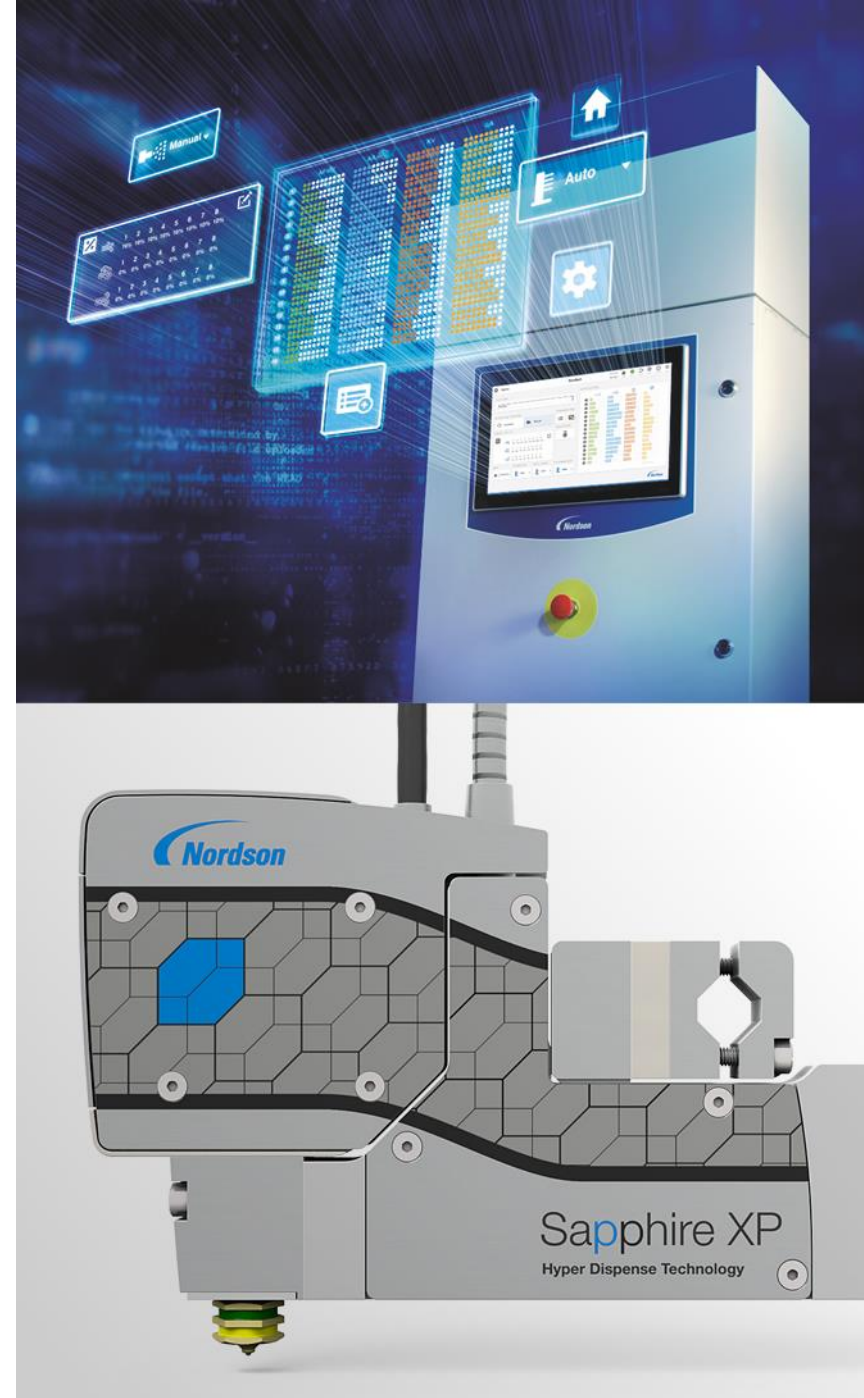
**36%**

## What We Do

Product lines reduce material consumption, increase line efficiency, and enhance product brand and appearance. Components are used for dispensing adhesives, coatings, paint, finishes, sealants and other materials. This business primarily serves the industrial, consumer durables and non-durables markets.

## Long-Term Growth Driven By:

- 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



# Medical Fluid Solutions

## What We Do

Fluid management solutions for medical, high-tech industrial and other diverse end markets. Related plastic tubing, balloons, catheters, syringes, cartridges, tips, and fluid connection components are used to dispense or control fluids within customers' medical devices or products, as well as production processes.

## Long-Term Growth Driven By:

- Aging population
- Trends toward non-invasive surgical techniques
- Medical OEM outsourcing
- Emerging markets
- Deploying NBS Next in our divisions

### 2023 Revenues

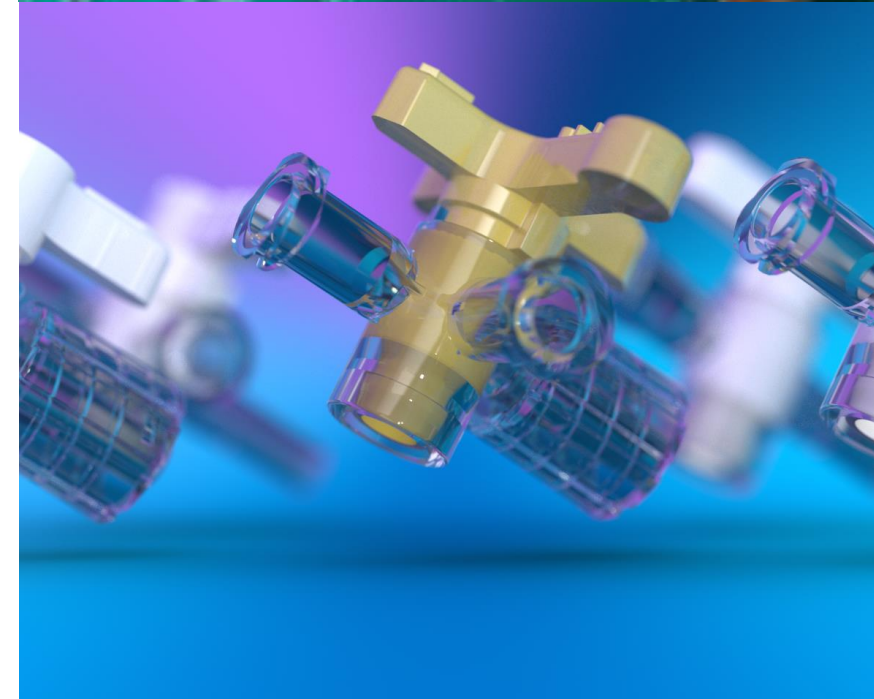
**\$660M**

2023  
Operating  
Margin\*

**29%**

2023  
EBITDA

**37%**



# Advanced Technology Solutions

## What We Do

Design and develop proprietary technologies found in progressive stages of an electronics customer's production processes, such as surface treatment, precisely controlled dispensing of material and test and inspection to ensure quality and reliability.

## Long-Term Growth Driven By:

- Electronics - Broad solutions across the electronics supply chain
- 5G / AI / Big Data / Auto Electronics / Autonomous Vehicles / High-Perf Computing
- Emerging markets
- Deploying NBS Next in our divisions

### 2023 Revenues

**\$577M**

2023  
Operating  
Margin\*

**20%**

2023  
EBITDA

**23%**







# Why Invest in Nordson?

# Ascend

STRATEGY

A Diversified Precision  
Technology Company

REVENUE

**\$3B+**

EBITDA

**30%**

*Long-term 2025 financial targets*

**Top tier growth with leading margins and returns**



NBS  
Next

**GROWTH FRAMEWORK**

- Sustained organic growth
- Accelerate acquisitions



Owner  
Mindset

**DIVISION-LED**

- Data drives action
- Entrepreneurial, accountable



Winning  
Teams

**TALENT STRATEGY**

- Enhance depth and diversity
- Enrich inclusive culture

**Culture & Values**



# NBS Next

**GROWTH FRAMEWORK**



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







# Owner Mindset

**DIVISION-LED**

Entrepreneurial division-led organization:

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



# Winning Teams

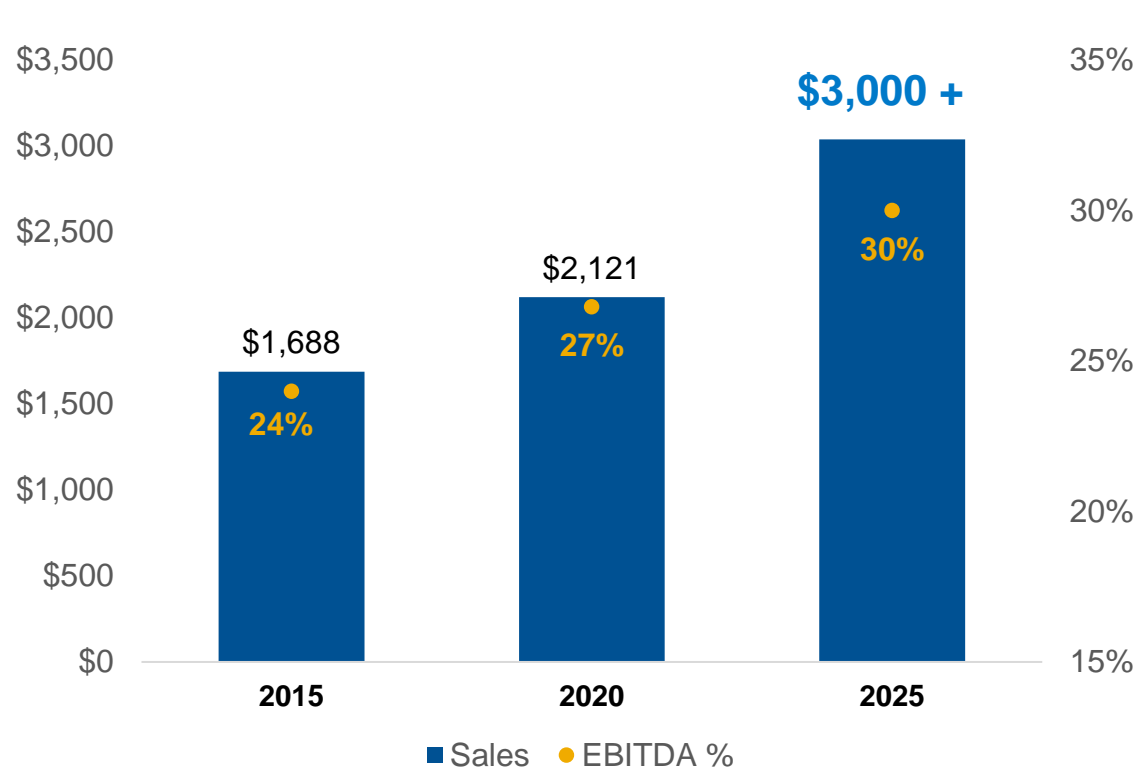
TALENT STRATEGY

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**

# Ascend Long-Term Financial Targets

Top-tier growth with attractive margins and returns



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



# 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

## ACQUISITION FEATURES

- Expands Nordson's core dispense capabilities into high-growth precision agriculture end market
- Strong growth drivers
- Customer-centric business model

## CORE TECHNOLOGIES

- Differentiated technology generates Nordson-like gross margins
- Proprietary software and data management providing complete, smart and interconnected solutions

### Fluid components

(Selected products)

Multistage  
Centrifugal Pumps

Chemical  
Hopper

Tank  
Lids

Manual  
Ball Valves



*Injection molded mechanical parts in direct contact with fluids, including fittings, filters, nozzles, etc*

### Control systems

(Selected products)  
Monitors  
& Displays

Rate  
Controllers

Visio  
Displays

IOT  
Technology



*Electronic parts, not in contact with the fluid, including control systems and electronic accessories*

### Smart components

(Selected products)

Electromagnetic  
Flowmeters

Paddlewheel  
Flowmeters

Batch  
Controls

Electric  
Valves



*Electronically enabled components that manage fluid dispensing, including valves, pumps, actuators, sensors*

# 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 60 years of paying and increasing the annual dividend
- Offset compensation plan dilution
- Alternative measures will be routinely assessed to manage priorities

# Investment Thesis

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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
  - Sustain organic growth
  - Accelerate acquisitive growth
  - Clear financial measures of success





# Recent Financial Results

# Total Company – 1Q 2024



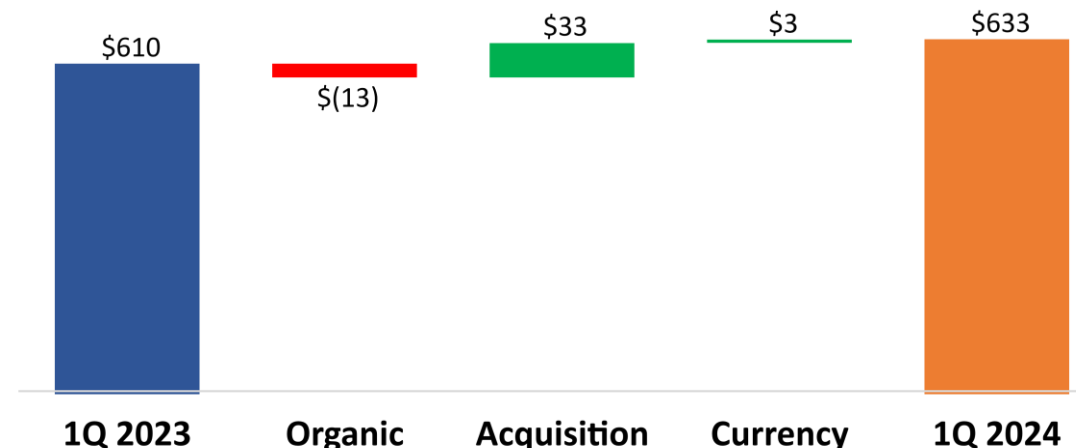
## Sales

- Reported sales of \$633M, an increase of 4%
- 5% growth from ARAG acquisition; 0.5% favorable currency impact
- 2% organic decrease driven by electronics product lines, partially offset by industrial and medical product lines

## EBITDA\*

- EBITDA was \$197 million, a 9% increase
- Growth driven by improved gross margins and cost controls, as well as ARAG acquisition
- Gross margin improved 100 basis points related to product mix and factory efficiencies

## 1Q 2024 Sales Bridge



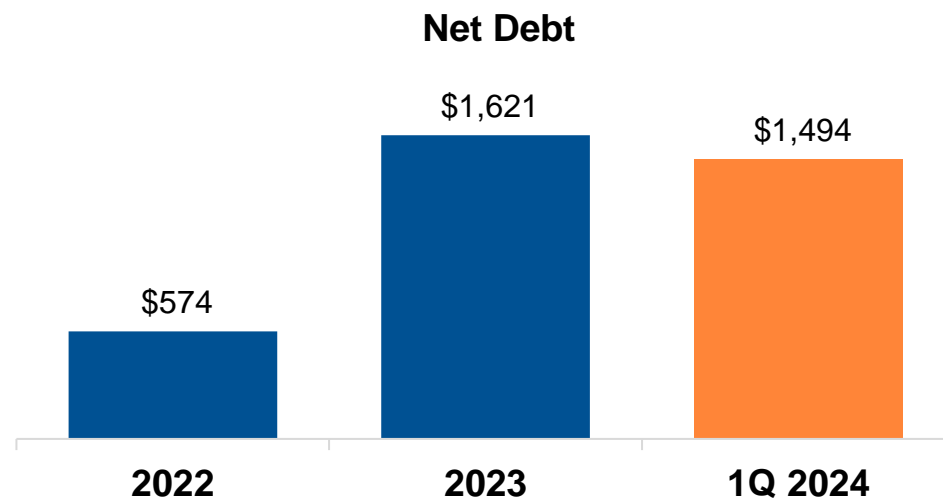
	1Q 2023	1Q 2024	Δ
Sales	\$610.5	\$633.2	4%
Operating Profit*	\$154.5	\$163.0	6%
EBITDA*	\$180.9	\$196.5	9%
EPS GAAP	\$1.81	\$1.90	6%
EPS Adjusted*	\$2.14	\$2.21	4%

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

## Strong Cash Flow with Sufficient Liquidity to Invest in Strategic Initiatives

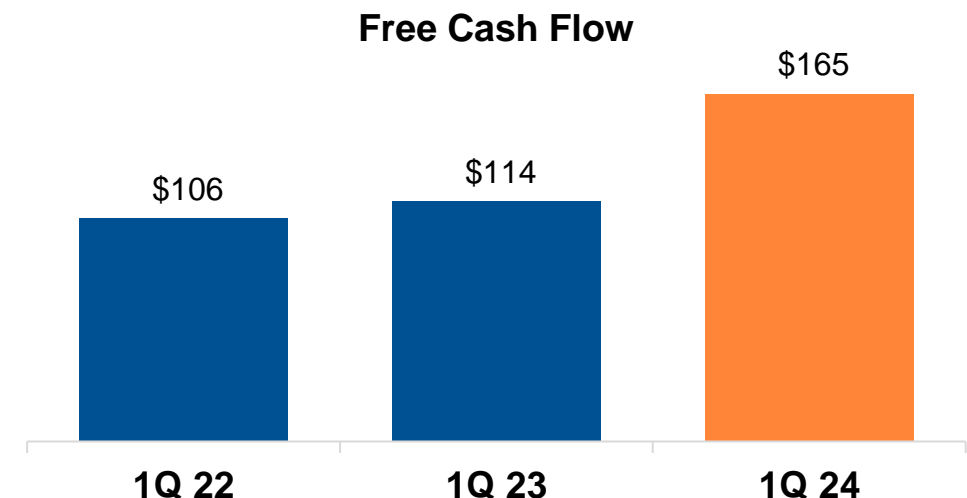
### Net Debt

- Cash totaled \$136 million
- 1.8 net debt leverage ratio based on trailing 12-month EBITDA
- Repaid \$107 million of debt in the quarter



### Free Cash Flow

- Cash flow of \$165 million, which is a conversion rate of 150% of net income
- Dividend payments of \$39 million, reflective of 5% increase in annual dividend approved in 2023



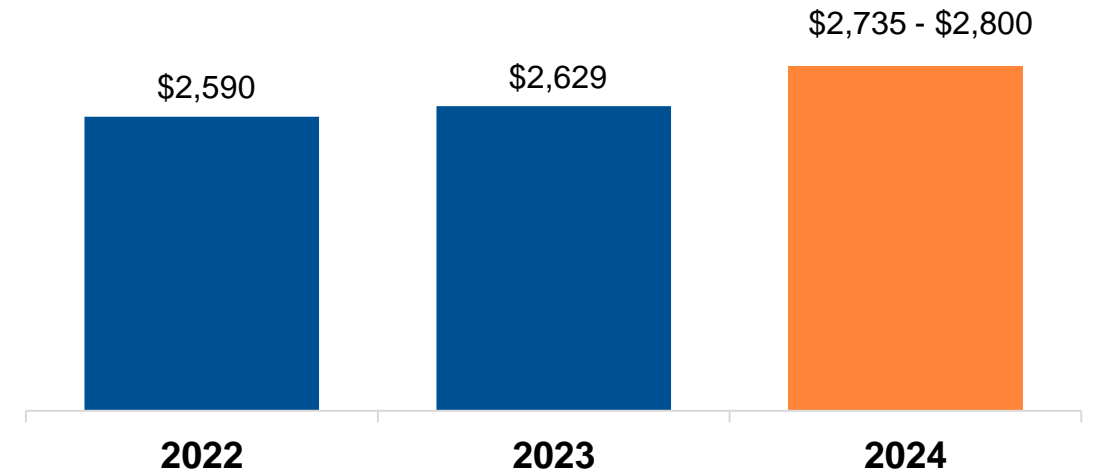
# Full-Year Fiscal 2024 Guidance



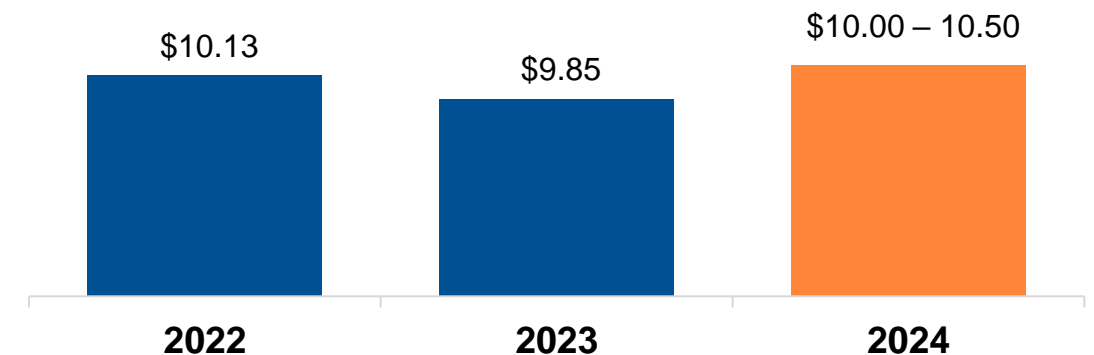
## Narrowing guidance

- Backlog continues to normalize at \$750 million
- Fiscal 2024 sales growth of 4% - 7%
- Adjusted earnings in the range of 2% to 7% growth

### Full-Year Sales Guidance



### Full-Year Adjusted EPS Guidance\*





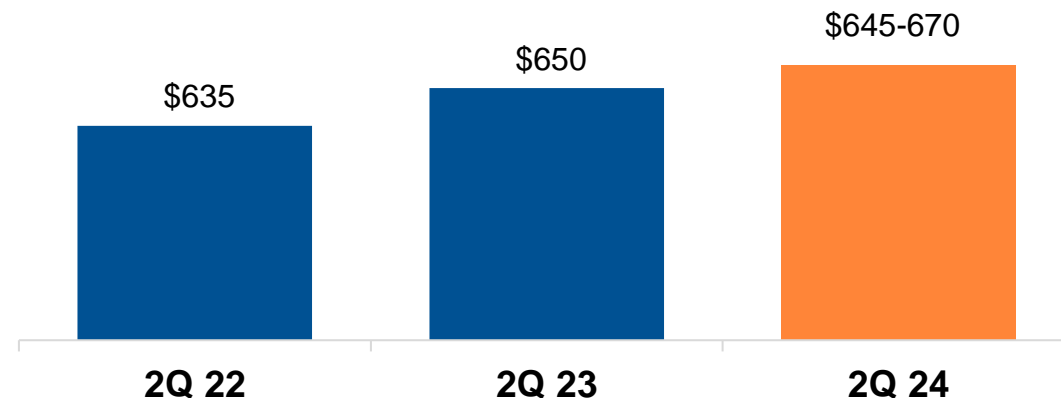
# 2Q Fiscal 2024 Guidance



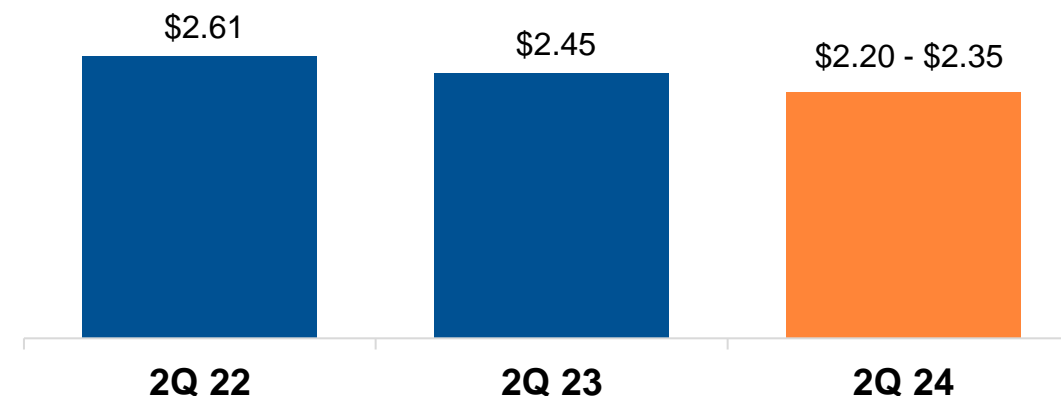
## Steady performance moving into 2Q

- 2Q 24 sales of \$645 - \$670 million
- 2Q 24 adjusted earnings per share in the range of \$2.20 - \$2.35
- 2Q adjusted EPS guidance includes increased interest expense headwind of \$0.13 per share and impact of Chinese New Year

2Q 2024 Sales Guidance



2Q 2024 Adjusted EPS Guidance\*

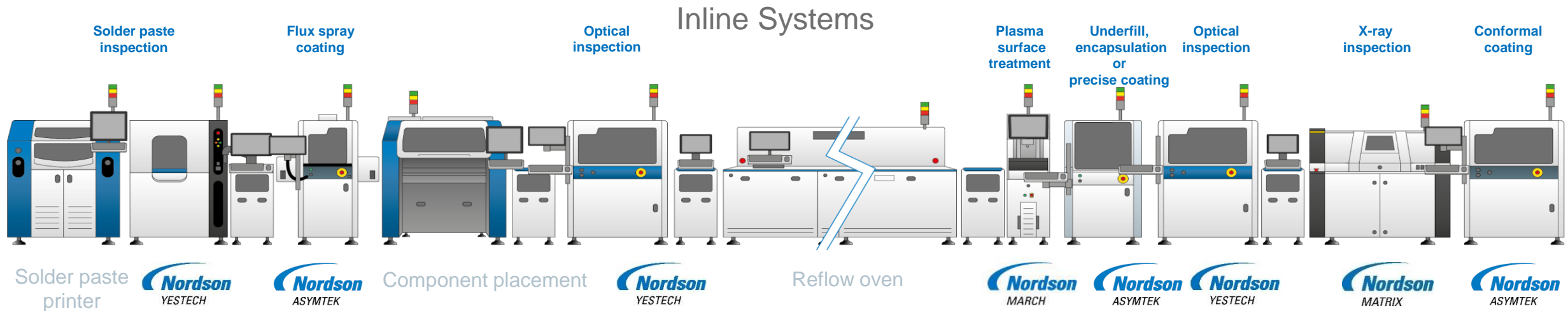


Appendix 1:

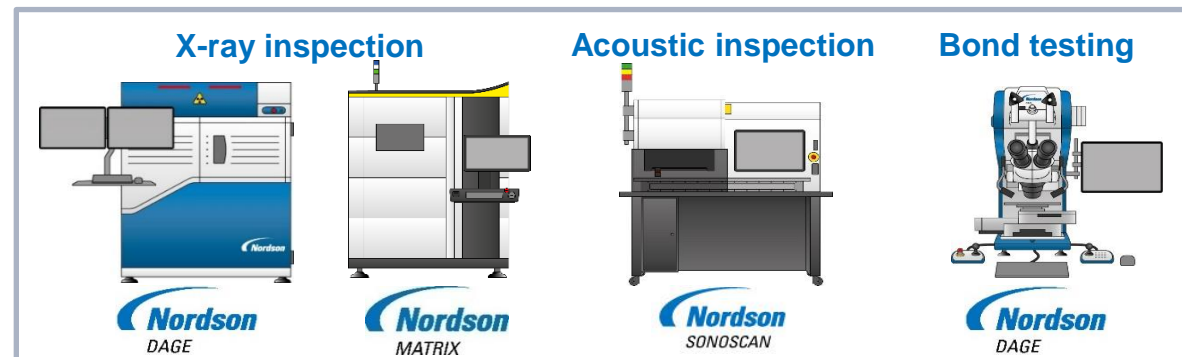
# Product Innovation

# Our Electronics Industry Position

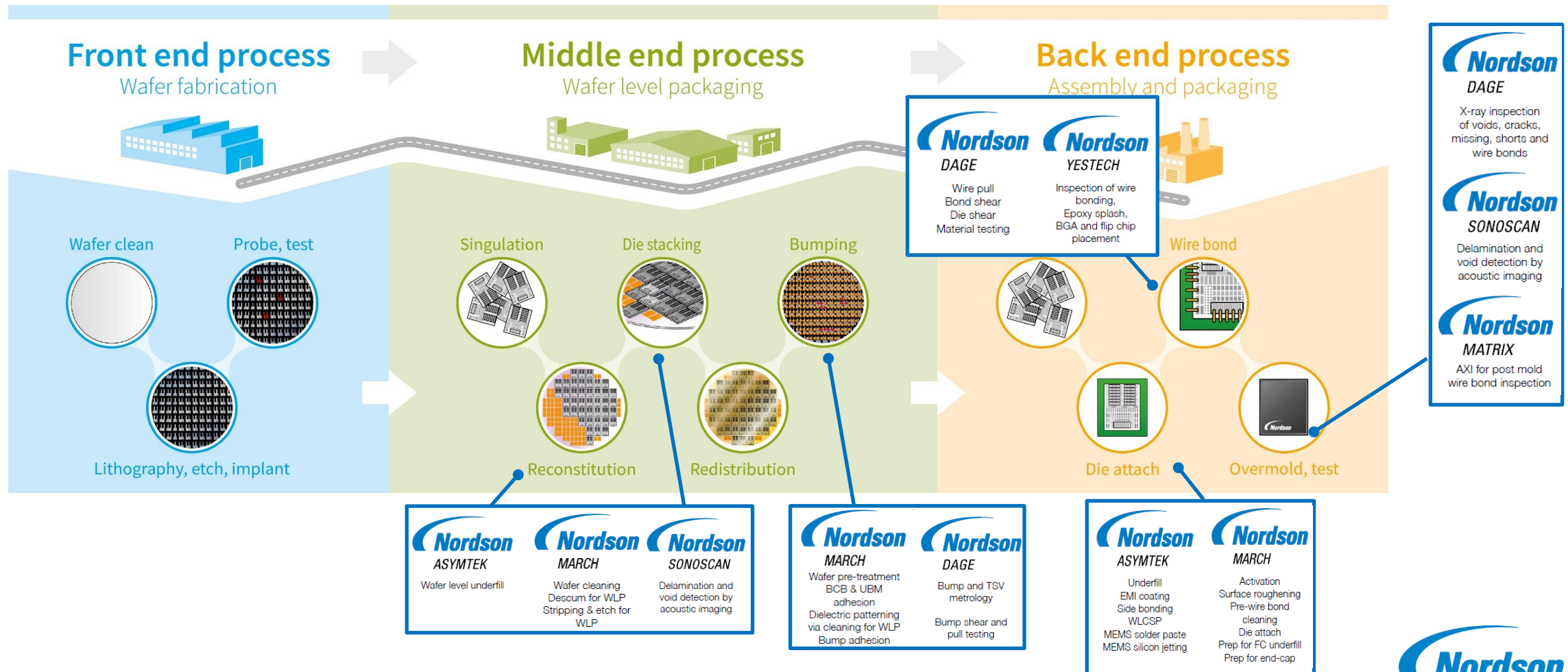
## Surface Mount Manufacturing



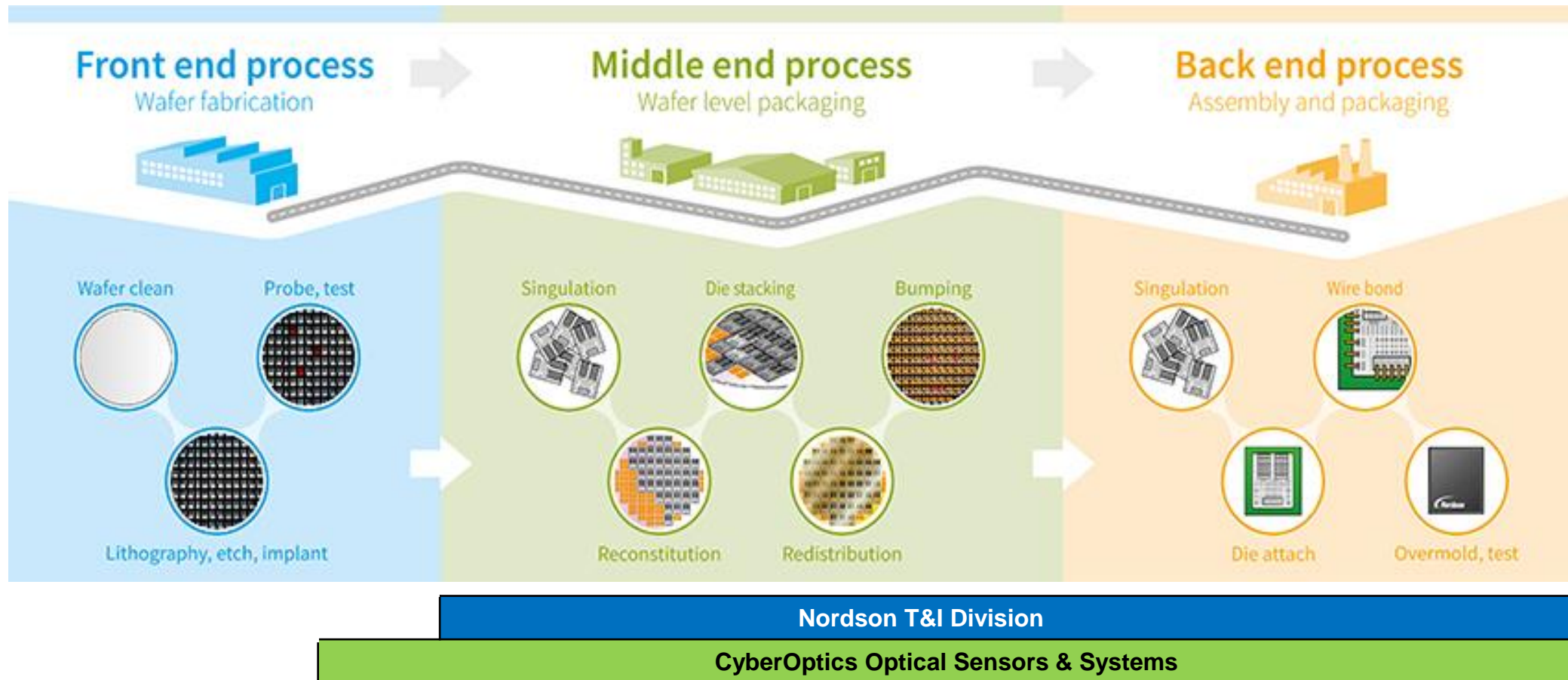
## QA Lab / Island of Automation



# Our Role in the Semiconductor Process



# CyberOptics expands market opportunities



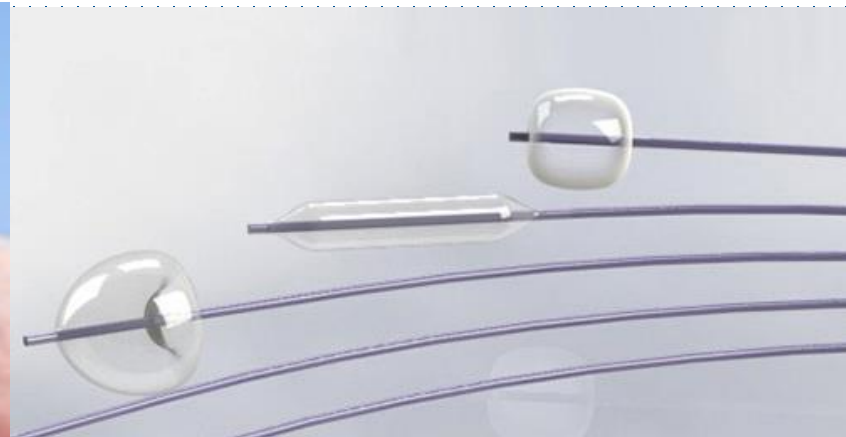
*3D Optical semi market expected to grow ~15%+,  
exceeding the broader 'Wafer Fab Equipment' market LSD '23 – '25 growth*



# Medical and Fluid Solutions



Fluid Solutions  
Precision Low-Volume Dispensing



Interventional Solutions  
Medical balloons, catheters, cannulas

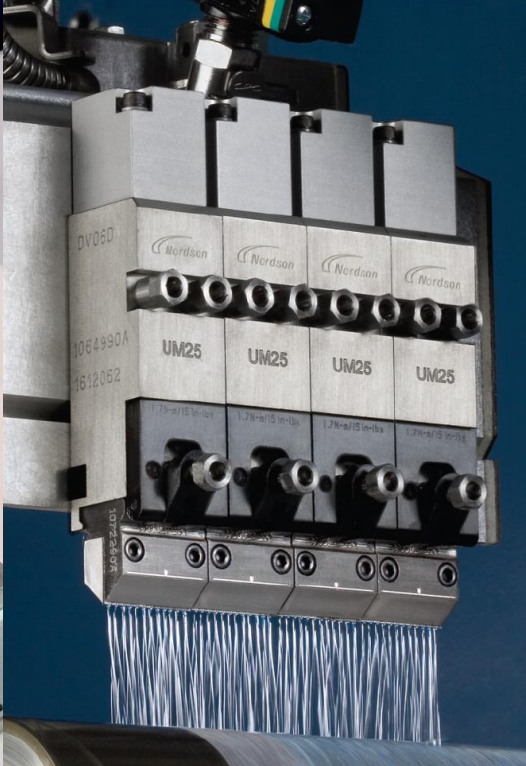
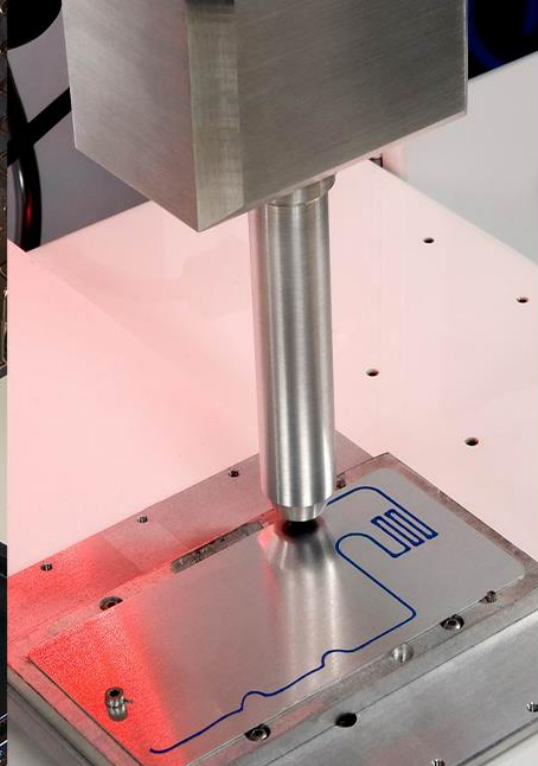
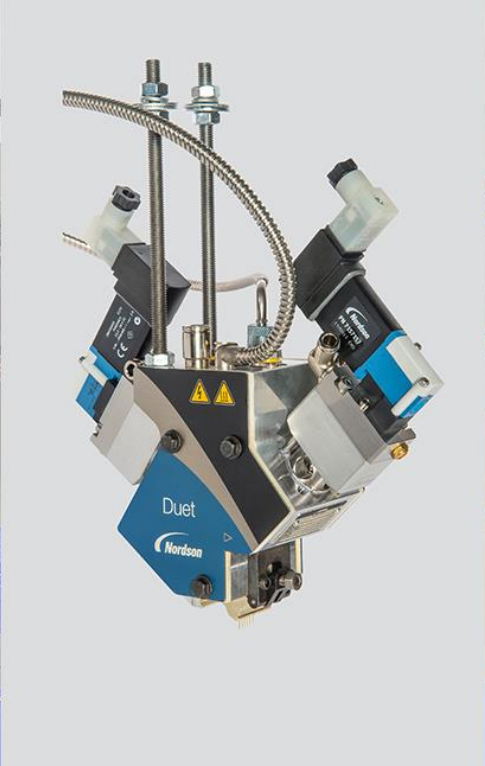


Fluid Components  
Single-use components

From benchtop dispensers to industry-best jetting valves and automated dispensing robots, Nordson fluid solutions systems deliver accurate, repeatable deposits of glues, greases, and other industrial fluids in precise, low-volume applications.

From specialty tubing, catheters, medical balloons, Nordson is an expert in the design, development and manufacture of complex medical devices and component technologies.

Proprietary single-use plastic connectors, stopcocks, valves, clamps, etc., used for patient care (IV's and blood pressure cuffs), biopharma and gene therapy applications.



## Core Adhesives Innovative Technology

### Auto-fill Tankless Technology

Adhesive fill systems monitor and maintain optimum adhesive levels

### Variable Dispense Technology

Delivering different add-on rates with one applicator

### Foaming Technology

Maintains bond strength while reducing volume of adhesive required

### Jetting Technology

Dispenses adhesive using non-contact jetting into channels as small as 0.3mm or 300 micron per second

### Precision dispense technology

Increases production efficiency for nonwovens manufacturing process





# ARAG at a Glance

Leading in precision agricultural spraying with control systems and smart fluid components

Company Founded

1976

2023 Revenue

\$155M

Gross Margins

Nordson-like

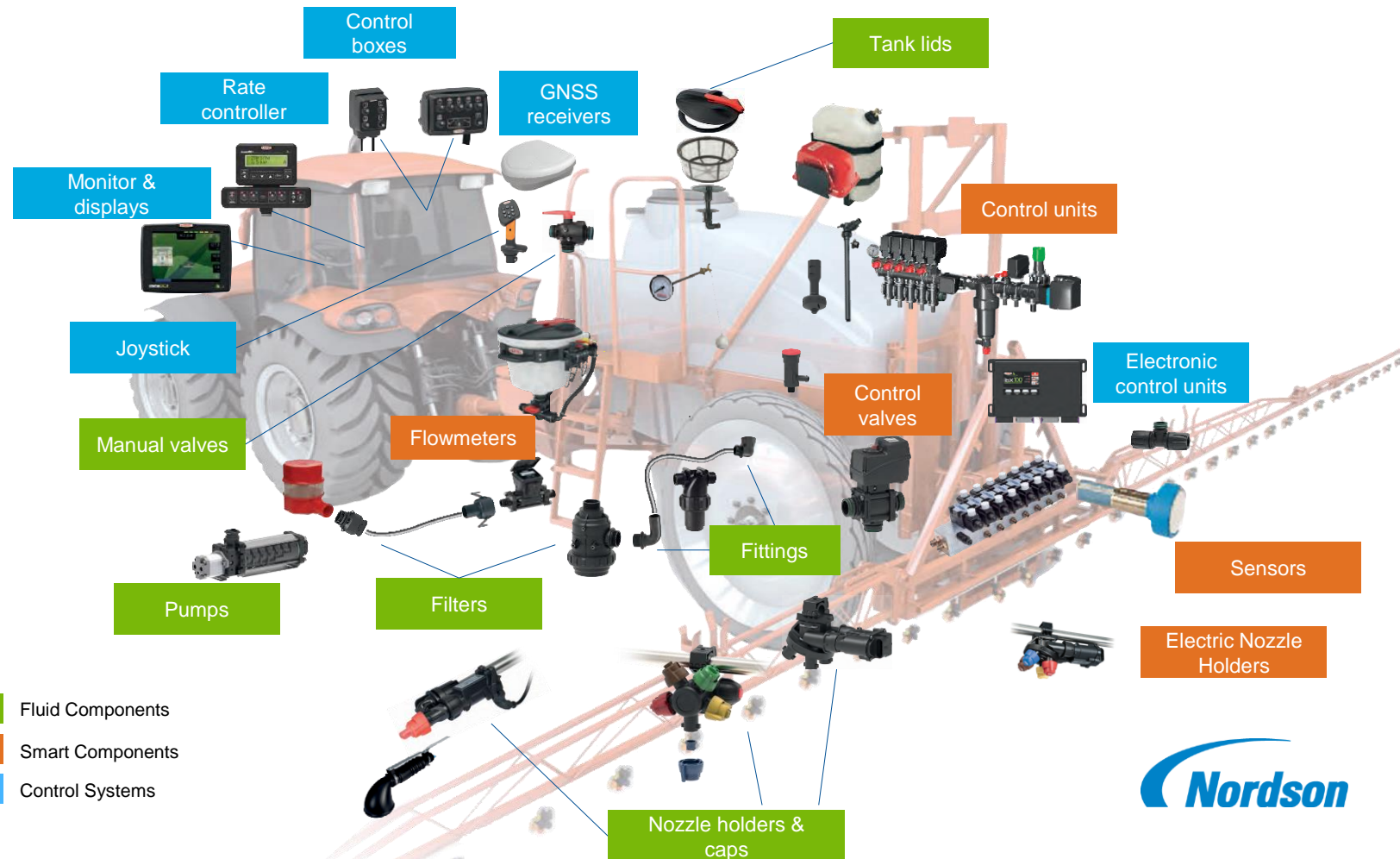
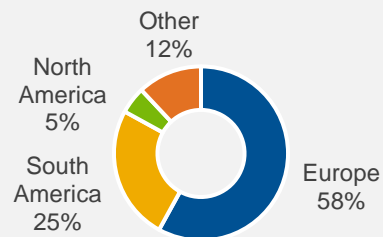
2023E EBITDA  
Margin

~38%

Employees

~700

Revenue by  
Geography (2022)



Appendix 2:

# Financial Exhibits

# 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:

- EBITDA is defined as operating profit plus certain adjustments, such as severance, fees and non-cash inventory charges associated with acquisitions, 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.
- Organic sales defined as sales growth excluding the impacts of changes in foreign currencies and acquisitions. We express period over period revenue variances 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 first quarter ended January 31, 2024, for a reconciliation of the non-GAAP measures Adjusted Operating Profit and EBITDA.



# Reconciliation of Non-GAAP Measures



## Net Income to Adjusted EBITDA (Dollars in thousands)

### NORDSON CORPORATION

#### RECONCILIATION OF NON-GAAP MEASURES - NET INCOME TO EBITDA (Unaudited) (Dollars in thousands)

	Three Months Ended	
	January 31, 2024	January 31, 2023
Net income	\$ 109,572	\$ 104,261
Income taxes	29,127	26,819
Interest expense - net	20,398	9,943
Other expense - net	338	3,196
Depreciation and amortization	33,544	26,434
Inventory step-up amortization <sup>(1)</sup>	2,944	4,306
Acquisition-related costs <sup>(1)</sup>	597	5,989
EBITDA (non-GAAP) <sup>(2)</sup>	<u>\$ 196,520</u>	<u>\$ 180,948</u>

<sup>(1)</sup> Represents fees, severance and non-cash inventory charges associated with acquisitions.

<sup>(2)</sup> EBITDA is a non-GAAP measure used by management to evaluate the Company's ongoing operations. EBITDA is defined as operating profit plus certain adjustments, such as severance, fees and non-cash inventory charges associated with acquisitions, plus depreciation and amortization.

# Reconciliation of Non-GAAP Measures

## Adjusted Operating Profit and EBITDA (Dollars in thousands)



**NORDSON CORPORATION**  
RECONCILIATION OF NON-GAAP MEASURES - EBITDA (Unaudited)  
(Dollars in thousands)

	Three Months Ended			
	January 31, 2024	January 31, 2023		
<b><u>SALES BY SEGMENT</u></b>				
Industrial Precision Solutions	\$ 354,547	\$ 311,546		
Medical and Fluid Solutions	159,526	154,287		
Advanced Technology Solutions	119,120	144,644		
Total sales	<u>\$ 633,193</u>	<u>\$ 610,477</u>		
<b><u>OPERATING PROFIT</u></b>				
Industrial Precision Solutions	\$ 108,364	\$ 102,319		
Medical and Fluid Solutions	46,100	39,384		
Advanced Technology Solutions	19,038	16,963		
Corporate	(14,067)	(14,447)		
Total operating profit	<u>\$ 159,435</u>	<u>\$ 144,219</u>		
<b><u>OPERATING PROFIT ADJUSTMENTS <sup>(1)</sup></u></b>				
Industrial Precision Solutions	\$ 3,541	\$ —		
Advanced Technology Solutions	—	10,295		
Total adjustments	<u>\$ 3,541</u>	<u>\$ 10,295</u>		
<b><u>DEPRECIATION &amp; AMORTIZATION</u></b>				
Industrial Precision Solutions	\$ 14,380	\$ 6,845		
Medical and Fluid Solutions	13,705	13,625		
Advanced Technology Solutions	3,441	3,812		
Corporate	2,018	2,152		
Total depreciation & amortization	<u>\$ 33,544</u>	<u>\$ 26,434</u>		
<b><u>EBITDA (NON-GAAP) <sup>(2)</sup></u></b>				
Industrial Precision Solutions	\$ 126,285	36%	\$ 109,164	35%
Medical and Fluid Solutions	59,805	37%	53,009	34%
Advanced Technology Solutions	22,479	19%	31,070	21%
Corporate	(12,049)		(12,295)	
Total EBITDA	<u>\$ 196,520</u>	31%	<u>\$ 180,948</u>	30%

<sup>(1)</sup> Represents fees, severance and non-cash inventory charges associated with acquisitions.

<sup>(2)</sup> EBITDA is a non-GAAP measure used by management to evaluate the Company's ongoing operations. EBITDA is defined as operating profit plus certain adjustments, such as severance, fees and non-cash inventory charges associated with acquisitions, plus depreciation and amortization.

# Reconciliation of Non-GAAP Measures

## Profitability (Dollars in thousands)



NORDSON CORPORATION		
RECONCILIATION OF NON-GAAP MEASURES - ADJUSTED NET INCOME AND EARNINGS PER SHARE		
(Unaudited)		
(Dollars in thousands)		
	Three Months Ended	
	January 31, 2024	January 31, 2023
<b>GAAP AS REPORTED</b>		
Operating profit	\$ 159,435	\$ 144,219
Other / interest expense - net	(20,736)	(13,139)
Net income	109,572	104,261
Diluted earnings per share	\$ 1.90	\$ 1.81
Shares outstanding - diluted	57,555	57,762
<b>OPERATING PROFIT ADJUSTMENTS</b>		
Inventory step-up amortization	\$ 2,944	\$ 4,306
Acquisition-related costs	597	5,989
<b>ACQUISITION AMORTIZATION OF INTANGIBLES</b>		
	\$ 19,387	\$ 13,872
Total adjustments	\$ 22,928	\$ 24,167
Adjustments net of tax	\$ 18,113	\$ 19,223
EPS effect of adjustments and other discrete tax items	\$ 0.31	\$ 0.33
<b>NON-GAAP MEASURES-ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE</b>		
Adjusted Net income <sup>(1)</sup>	\$ 127,685	\$ 123,484
Adjusted Diluted earnings per share <sup>(2)</sup>	\$ 2.21	\$ 2.14

<sup>(1)</sup> Adjusted net income is a non-GAAP measure defined as net income plus tax effected adjustments and other discrete tax items.

<sup>(2)</sup> Adjusted earnings per share is a non-GAAP measure defined as GAAP EPS adjusted for tax effected adjustments and other discrete tax items.

Management uses certain non-GAAP measures, such as adjusted net income, adjusted EPS and EBITDA, 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.