Nordson

3Q Fiscal 2024
Webcast

Ascend
STRATEGY

August 22, 2024

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 “such as “anticipates,” “supports,” “plans,” “projects,” “expects,” “believes,” “should,” “would,” “could,” “hope,” “forecast,” “management is of the opinion,” use of the future tense and similar words or phrases. 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 conflicts in Europe and the Middle East, acts of terror, natural disasters, pandemics 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

3Q 2024 Webcast – August 22, 2024

- 3rd Quarter Highlights and Atrion acquisition
- Sales Performance and Earnings Review
- Balance Sheet and Cash Flow
- Market Outlook
- FY 2024 Guidance
- Q&A



Sundaram Nagarajan
President and
Chief Executive Officer



Dan Hopgood
Executive Vice President
& Chief Financial Officer



Lara Mahoney
Vice President,
Investor Relations

Nordson Closes Atrion Medical Acquisition, August 21, 2024

Highly complementary with Nordson MEDICAL's customer base and core competencies

	Nordson MEDICAL	Atrion Corporation	Strategic Fit
Fluid Components	Single use fluid management components for patient care, biopharma and surgery for leading medical OEM's	Leading provider of single use needle free valves for infusion therapies  HALKEY | ROBERTS®	✓ **Expands Nordson's addressable market by >$600M, with highly complementary products**
Interventional Solutions	Design, development, and manufacturing of critical components for complex interventional devices	Differentiated provider of OEM interventional inflation devices for balloon catheterization, stent deployment and fluid delivery  Atrion® Medical	✓ **Extends Nordson's interventional solutions offering for global OEMs**
Cardiovascular	Leader in cardiopulmonary vascular consumables, like cannulae, catheters, and specialized medical tubing for ECMO	Leader in Myocardial protection systems & related single use consumables for precision micro-cardioplegia  QUEST	✓ **Niche portfolio of highly differentiated cardiovascular products**

3Q24 Highlights

Strong operating performance in dynamic environment



- Sales of $662 million increased 2% compared to prior year, in line with mid-point of guidance
- Adjusted EPS were $2.41, $.08 above the mid-point of guidance
- Strong organic growth in industrial product lines, partially offsetting softness in electronics and medical product lines
- Third quarter free cash flow of $143 million, which was 122% of net income

Total Company – 3Q 2024

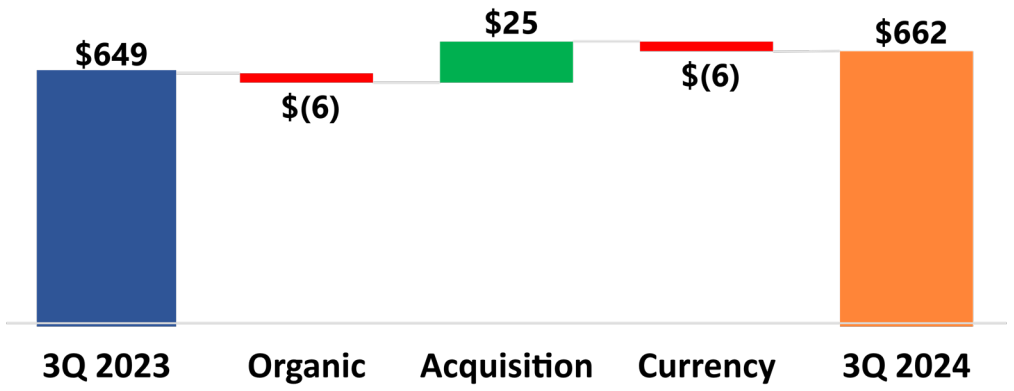
Sales

- Reported sales increased 2%, inclusive of 1% organic decline; 4% acquisitive growth
- Strong growth in industrial product lines, offset by softness in electronics, primarily semiconductor, and medical product lines
- Organic sales increase in Asia Pacific offset by softness in Americas and Europe

EBITDA*

- EBITDA was $208 million, or 31% of sales
- Operating profit margin 26% of sales
- Strong gross margin of 56% was offset by higher SG&A costs largely attributable to the addition of ARAG

3Q 2024 Sales Bridge**



	3Q 2023	3Q 2024	Δ
Sales	$648.7	$661.6	2%
Operating Profit*	$180.8	$174.8	-3%
EBITDA*	$207.9	$208.1	Flat
EPS GAAP	$2.22	$2.04	-8%
EPS Adjusted*	$2.55	$2.41	-6%

*Non-GAAP numbers - See appendix for reconciliation. In millions except for per share data.
**Amounts may not add due to rounding

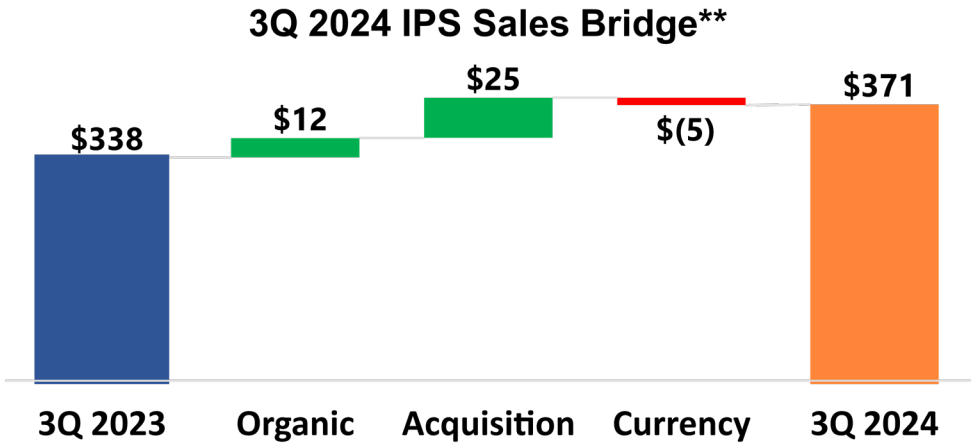
Industrial Precision Solutions – 3Q 2024

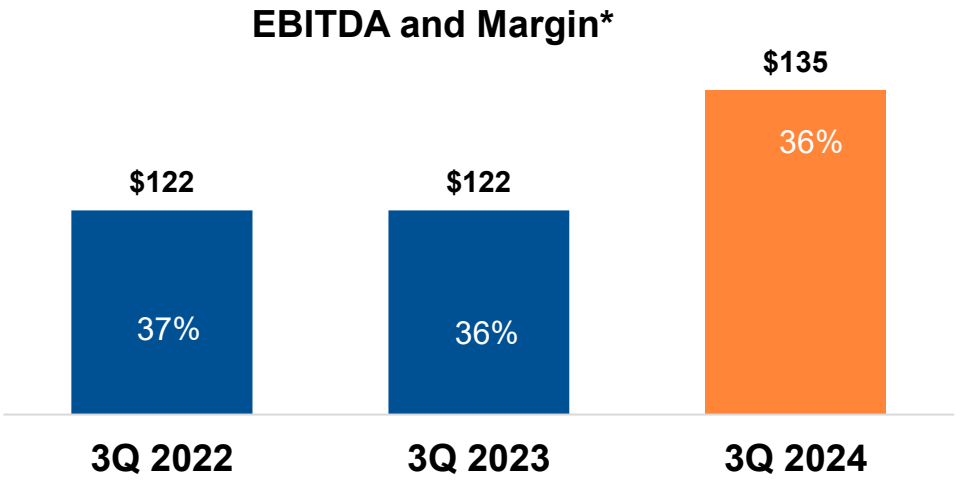
Sales

- Sales increased 10% to $371 million
- Organic sales growth of 4% driven by packaging and nonwovens product lines
- This segment has now delivered organic growth in 13 of the last 15 quarters

EBITDA*

- EBITDA was $135 million, or 36% of sales
- Increase of 10% was driven by ARAG acquisition and organic growth
- 14 out of 15 consecutive quarters of EBITDA growth





*Non-GAAP numbers - See appendix for reconciliation.
**Amounts may not add due to rounding

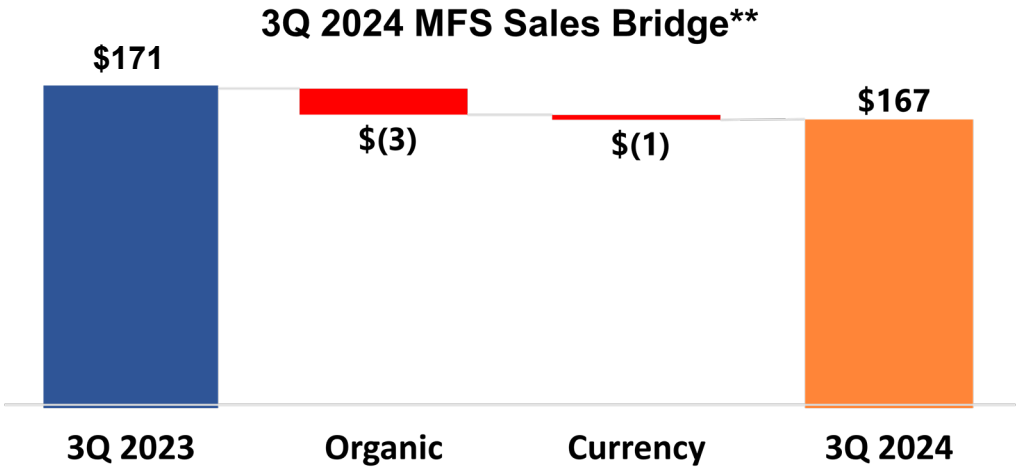
Medical and Fluid Solutions – 3Q 2024

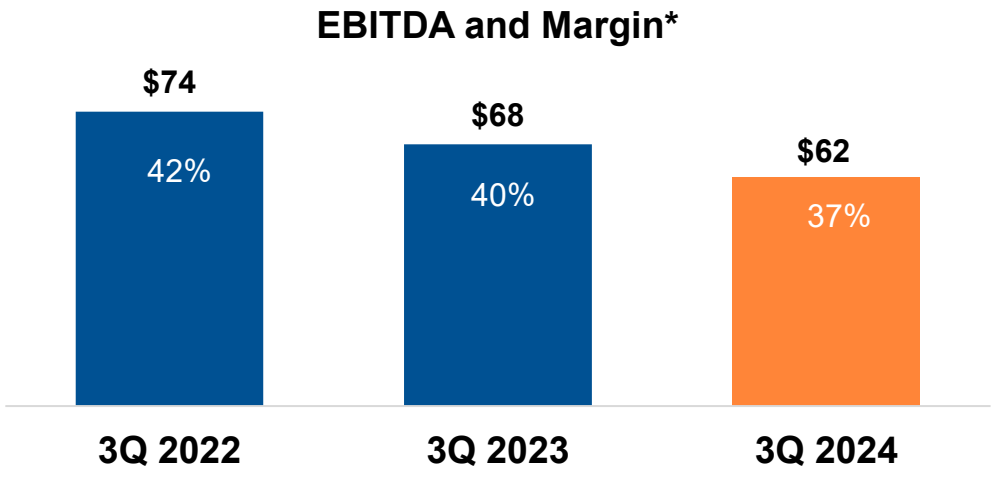
Sales

- Sales of $167 million, decrease of 2%
- Headwinds in medical interventional solutions and fluid components product lines, offset by growth in fluid solutions product lines

EBITDA*

- EBITDA was $62 million, or 37% of sales
- EBITDA decline driven by lower volume and product mix
- The segment has delivered EBITDA margins > 35% in 14 of the last 15 quarters





*Non-GAAP numbers - See appendix for reconciliation.
**Amounts may not add due to rounding

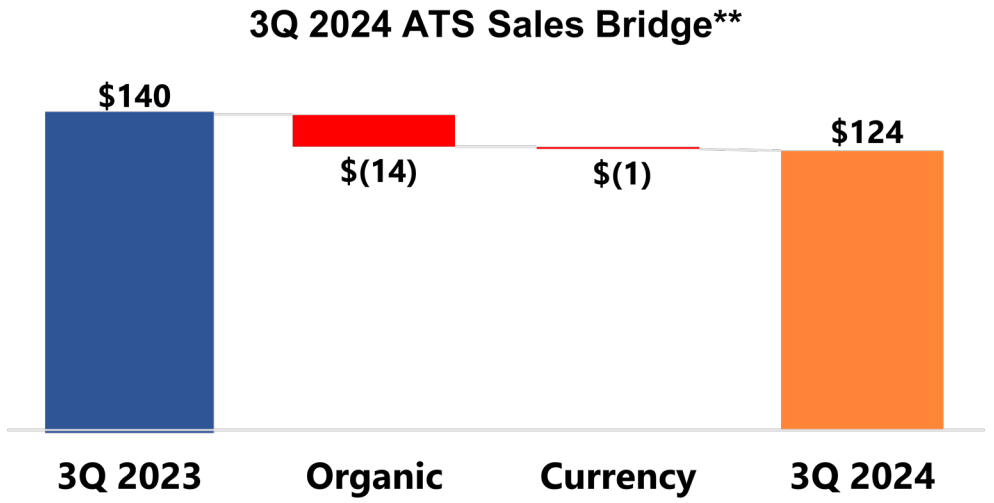
Advanced Technology Solutions – 3Q 2024

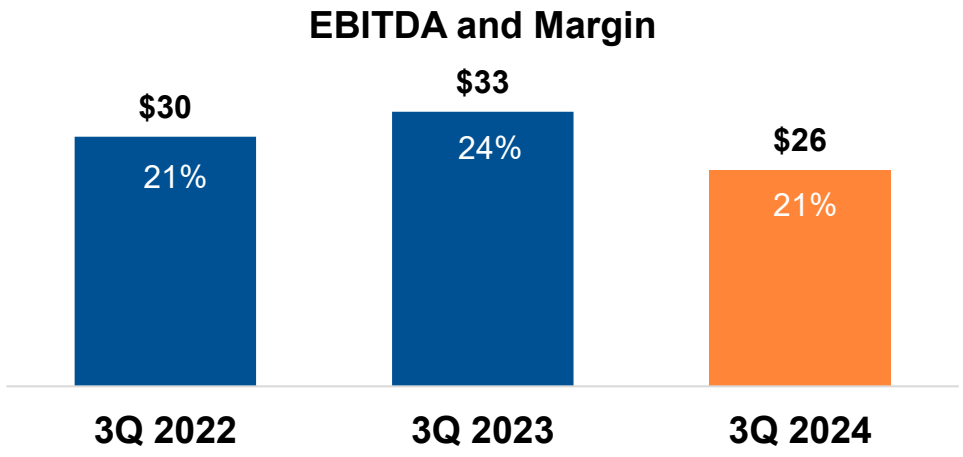
Sales

- Sales were $124 million, a decrease of 11% compared to prior year inclusive of a 10% organic decrease and 1% in unfavorable currency translation
- Weakness in electronics processing and x-ray product lines were offset by strong growth in optical sensors product lines
- Electronics product lines strengthened sequentially as expected

EBITDA*

- EBITDA was $26 million, or 21% of sales
- Decrease compared to prior year driven by lower sales
- Favorable product mix and cost reduction actions contributed to 41% decremental adjusted margins, well ahead of target





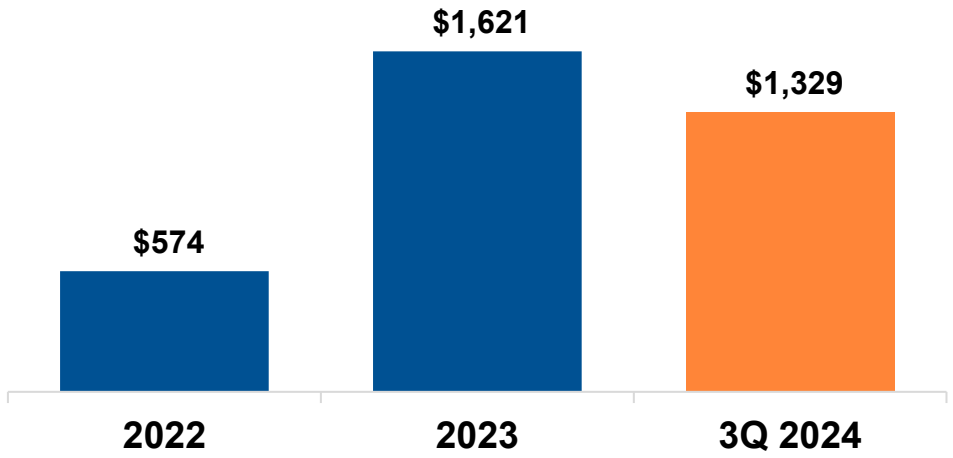
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Balance Sheet and Cash Flow

Strong Cash Flow with Sufficient Liquidity to Invest in Strategic Initiatives

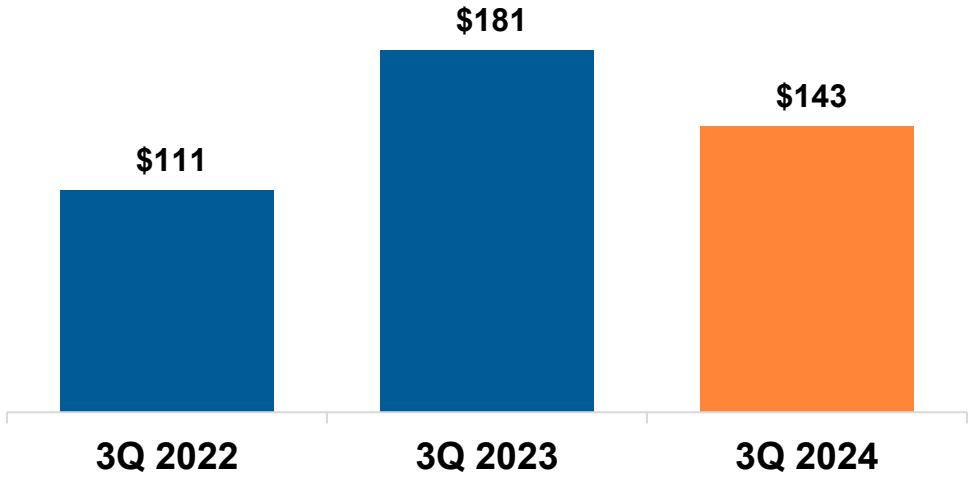
Net Debt

- Cash on hand totaled $165 million
- Net debt of $1.3 billion
- Leverage ratio of 1.6x at the end of 3Q 2024



Free Cash Flow

- Strong free cash flow of $143 million
- Year-to-date free cash flow of $416 million; cash conversion rate on net income is 121%
- Marked 61 consecutive years of dividend increases



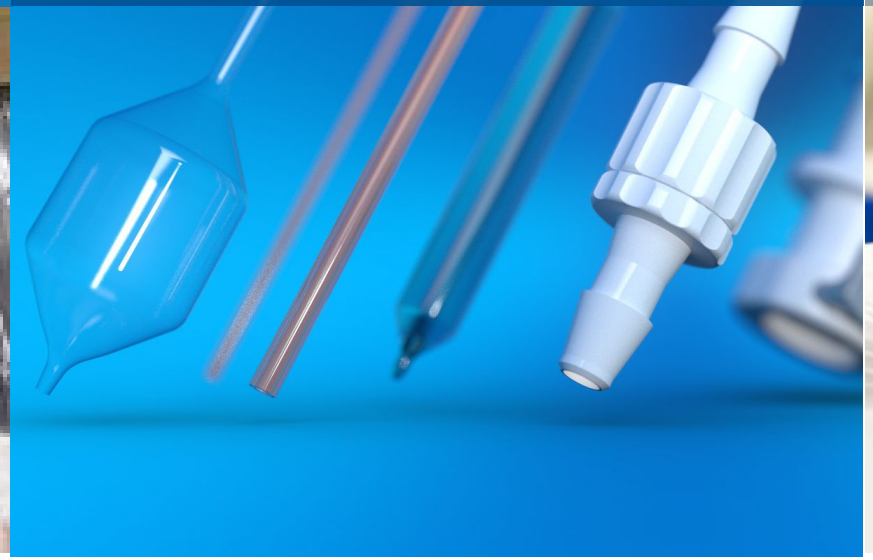
End Market Visibility

Industrial Precision Solutions



- Steady demand in industrials and consumer non-durable product lines
- ARAG sales are normalizing at lower levels during this agriculture cycle
- Long-term trends remain solid

Medical and Fluid Solutions



- Fluid solutions products for industrial and electronics end market strengthening
- Biopharma end market stabilizing
- Supply chain normalization in interventional and other fluid components
- Health pipeline of customer projects

Advanced Technology Solutions



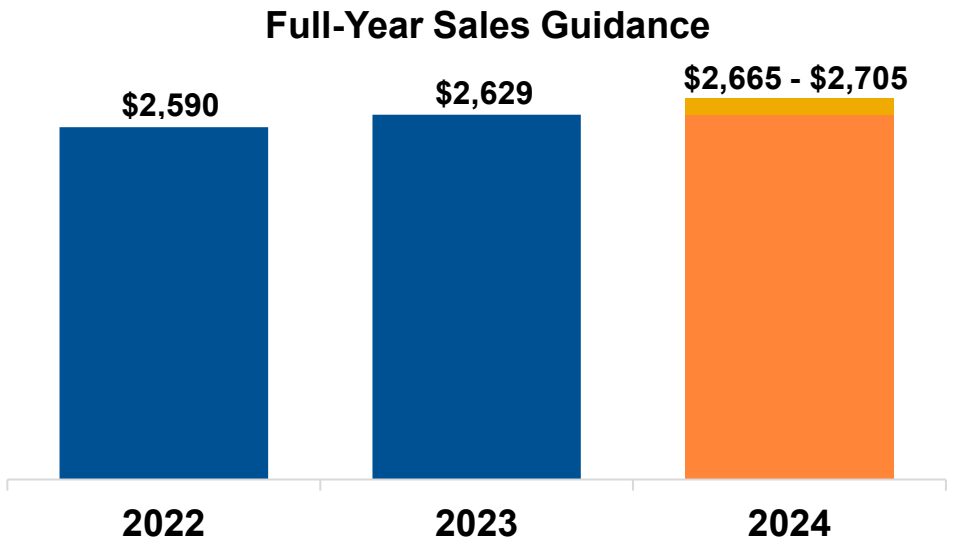
- Sequential growth continues, backed by steady increase in order entry
- Dispense products positioned in back-end of packaging process
- Long-term growth driven by AI, automotive electronics, onshoring, CHIPS Act and more

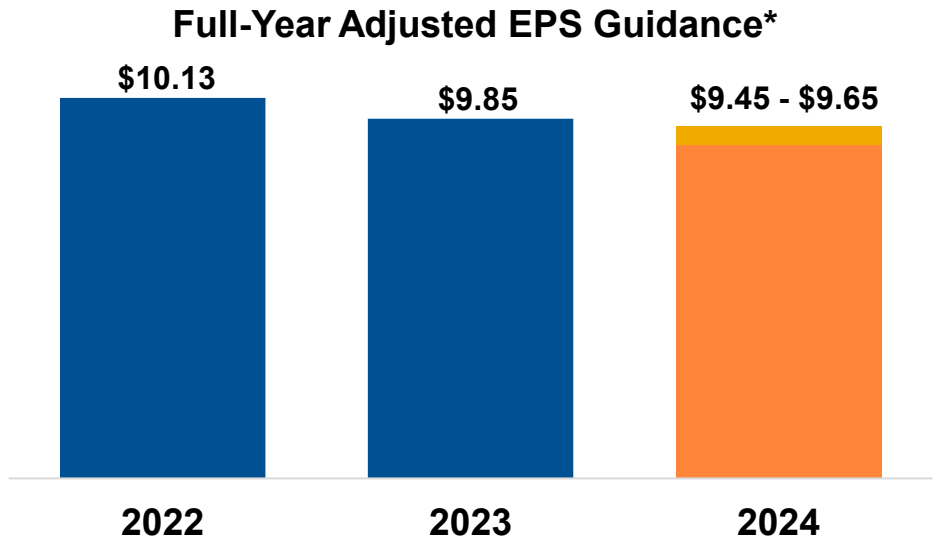
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Full-Year Fiscal 2024 Guidance

Updating full-year guidance

- Mid-point of sales increases $30 million, reflecting addition of Atrion
- Full-year adjusted EPS guidance unchanged, inclusive of Atrion acquisition, which is expected to be slightly dilutive in the fourth quarter





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

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INVESTOR DAY 2024

October 3, 2024

New York, NY

Presentations start at 1 p.m.
followed by cocktail hour



Register Today!

Questions?

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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		Nine Months Ended	
	July 31, 2024	July 31, 2023	July 31, 2024	July 31, 2023
Net income	$ 117,327	$ 127,891	$ 345,116	$ 359,715
Income taxes	32,107	34,161	92,293	95,044
Interest expense - net	17,776	11,486	56,729	30,904
Other expense - net	(152)	(2,542)	971	2,059
Depreciation and amortization	33,382	27,102	99,646	80,637
Inventory step-up amortization [1]	—	—	2,944	4,306
Severance and other	2,536	2,049	4,615	5,487
Acquisition-related costs [1]	5,160	7,732	5,757	13,721
EBITDA (non-GAAP) [2]	$ 208,136	$ 207,879	$ 608,071	$ 591,873

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

[2] 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		Nine Months Ended	
	July 31, 2024	July 31, 2023	July 31, 2024	July 31, 2023
SALES BY SEGMENT				
Industrial Precision Solutions	$ 370,561	$ 338,257	$1,092,099	$ 985,610
Medical and Fluid Solutions	166,737	170,871	495,229	491,683
Advanced Technology Solutions	124,306	139,549	358,111	432,026
Total sales	$ 661,604	$ 648,677	$1,945,439	$1,909,319
OPERATING PROFIT				
Industrial Precision Solutions	$ 118,110	$ 115,346	$ 344,305	$ 329,439
Medical and Fluid Solutions	48,374	54,019	143,467	141,326
Advanced Technology Solutions	22,945	27,083	60,767	70,136
Corporate	(22,371)	(25,452)	(53,430)	(53,179)
Total operating profit	$ 167,058	$ 170,996	$ 495,109	$ 487,722
OPERATING PROFIT ADJUSTMENTS [1]				
Industrial Precision Solutions	$ 2,536	$ —	$ 6,077	$ —
Medical and Fluid Solutions	—	—	—	1,479
Advanced Technology Solutions	—	2,049	2,078	14,303
Corporate	5,160	7,732	5,161	7,732
Total adjustments	$ 7,696	$ 9,781	$ 13,316	$ 23,514
DEPRECIATION & AMORTIZATION				
Industrial Precision Solutions	$ 14,521	$ 7,036	$ 42,821	$ 21,166
Medical and Fluid Solutions	13,553	14,133	40,822	41,441
Advanced Technology Solutions	3,368	3,834	10,093	11,656
Corporate	1,940	2,099	5,910	6,374
Total depreciation & amortization	$ 33,382	$ 27,102	$ 99,646	$ 80,637

EBITDA (NON-GAAP) [2]								
Industrial Precision Solutions	$ 135,167	36%	$ 122,382	36%	$ 393,203	36%	$ 350,605	36%
Medical and Fluid Solutions	61,927	37%	68,152	40%	184,289	37%	184,246	37%
Advanced Technology Solutions	26,313	21%	32,966	24%	72,938	20%	96,095	22%
Corporate	(15,271)		(15,621)		(42,359)		(39,073)	
Total EBITDA	$ 208,136	31%	$ 207,879	32%	$ 608,071	31%	$ 591,873	31%

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

[2] 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		Nine Months Ended	
	July 31, 2024	July 31, 2023	July 31, 2024	July 31, 2023
GAAP AS REPORTED				
Operating profit	$ 167,058	$ 170,996	$ 495,109	$ 487,722
Other / interest expense - net	(17,624)	(8,944)	(57,700)	(32,963)
Net income	117,327	127,891	345,116	359,715
Diluted earnings per share	$ 2.04	$ 2.22	$ 5.99	$ 6.24
Shares outstanding - diluted	57,624	57,530	57,620	57,657
OPERATING PROFIT ADJUSTMENTS				
Inventory step-up amortization	$ —	$ —	$ 2,944	$ 4,306
Acquisition-related costs	5,160	7,732	5,757	13,721
Severance and other	2,536	2,049	4,615	5,487
ACQUISITION AMORTIZATION OF INTANGIBLES	$ 19,202	$ 13,922	57,412	41,839
Total adjustments	$ 26,898	$ 23,703	$ 70,728	$ 65,353
Adjustments net of tax	$ 21,134	$ 18,706	$ 55,804	$ 51,694
EPS effect of adjustments and other discrete tax items	$ 0.37	$ 0.33	$ 0.97	$ 0.90
NON-GAAP MEASURES-ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE				
Adjusted Net income [1]	$ 138,461	$ 146,597	$ 400,920	$ 411,409
Adjusted Diluted earnings per share [2]	$ 2.41	$ 2.55	$ 6.96	$ 7.14

[1] Adjusted net income is a non-GAAP measure defined as net income plus tax effected adjustments and other discrete tax items.

[2] 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.

Reconciliation of Non-GAAP measures

Operating Cash Flow to Free Cash Flow

NORDSON CORPORATION

RECONCILIATION OF NON-GAAP MEASURES - OPERATING CASH FLOW TO FREE CASH FLOW
(Unaudited)
(Dollars in thousands)

	Year to Date		
	July 31, 2024	April 30, 2024	January 31, 2024
Net cash provided by operating activities	$ 459,812	$ 294,964	$ 172,356
Additions to property, plant and equipment	(43,786)	(21,907)	(7,530)
Free Cash Flow - Year to Date [1]	416,026	273,057	164,826
Free Cash Flow - Quarter to Date [2]	142,969	108,231	164,826

	Year to Date		
	July 31, 2023	April 30, 2023	January 31, 2023
Net cash provided by operating activities	478,072	$ 287,905	$ 123,337
Additions to property, plant and equipment	(24,244)	(15,349)	(9,302)
Free Cash Flow [1]	453,828	272,556	114,035
Free Cash Flow - Quarter to Date [2]	181,272	158,521	114,035

[1] Free Cash Flow - Year to Date is a non-GAAP measure used by management to evaluate the Company's ongoing operations and is defined as Net cash provided by operating activities minus Additions to property, plant and equipment.

[2] Free Cash Flow - Quarter to Date is a non-GAAP measure used by management to evaluate the Company's ongoing operations and is equal to Free Cash Flow - Year to Date less prior period Free Cash Flow - Year to Date.