Nordson

4Q & Full-Year Fiscal 2024

Webcast

December 12, 2024

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 2024 Webcast – December 12, 2024

- 4th Quarter and Full-Year Highlights
- Sales Performance and Earnings Review
- Balance Sheet and Cash Flow
- Enterprise Performance
- FY 2025 and 1Q 2025 Guidance
- Q&A



Sundaram Nagarajan
President &
Chief Executive Officer



Dan Hopgood
Executive Vice President &
Chief Financial Officer



Lara Mahoney
Vice President,
Investor Relations

Highlights

Strong execution and NBS Next driving record sales and EBITDA



- Ascend Strategy making progress
- FY 2024 Results:
  - Record sales for the fourth year in a row
  - Record EBITDA and EBITDA Margin
  - Strong cash flow
- Consistent performance in dynamic environment

Total Company – 4Q 2024

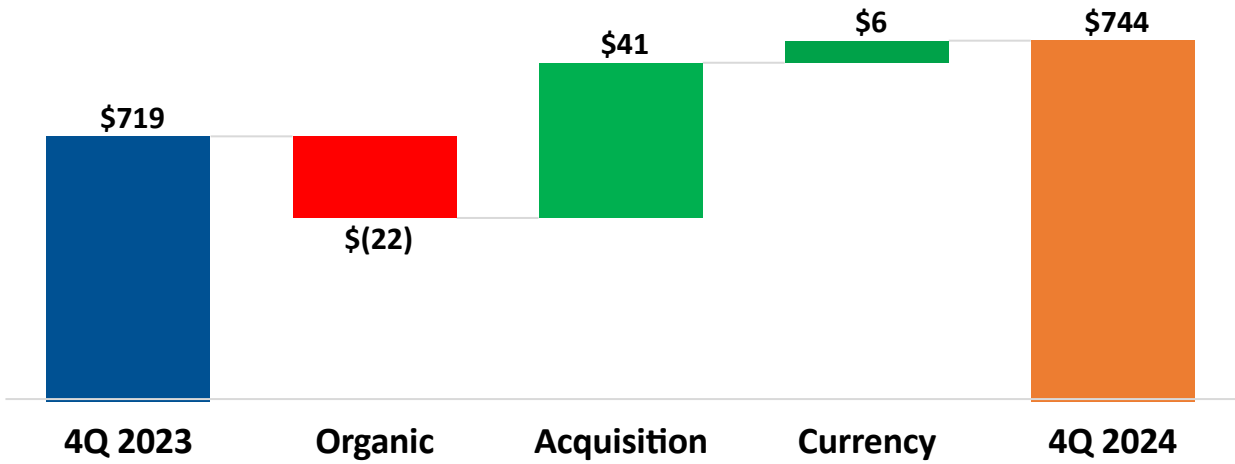
Sales

- Reported sales increased 4%
- Acquisitions contributed 6% and favorable currency impact contributed 1%
- Organic decrease of 3% driven by tough comparisons in Industrial Precision Solutions segment and weakness in Medical Fluid Solutions, offset by growth in Advanced Technology Solutions segment

EBITDA*

- EBITDA was quarterly record of $241 million or 32% of sales, with robust incremental margins of 56%
- EBITDA increase reflects strong conversion on sales despite higher mix of acquired sales

4Q 2024 Sales Bridge**



	4Q 2023	4Q 2024	Δ
Sales	$719.3	$744.5	↑ 4%
Operating Profit*	$195.8	$204.6	↑ 4%
EBITDA*	$227.1	$241.1	↑ 6%
EPS GAAP	$2.22	$2.12	↓ -5%
EPS Adjusted	$2.71	$2.78	↑ 3%

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

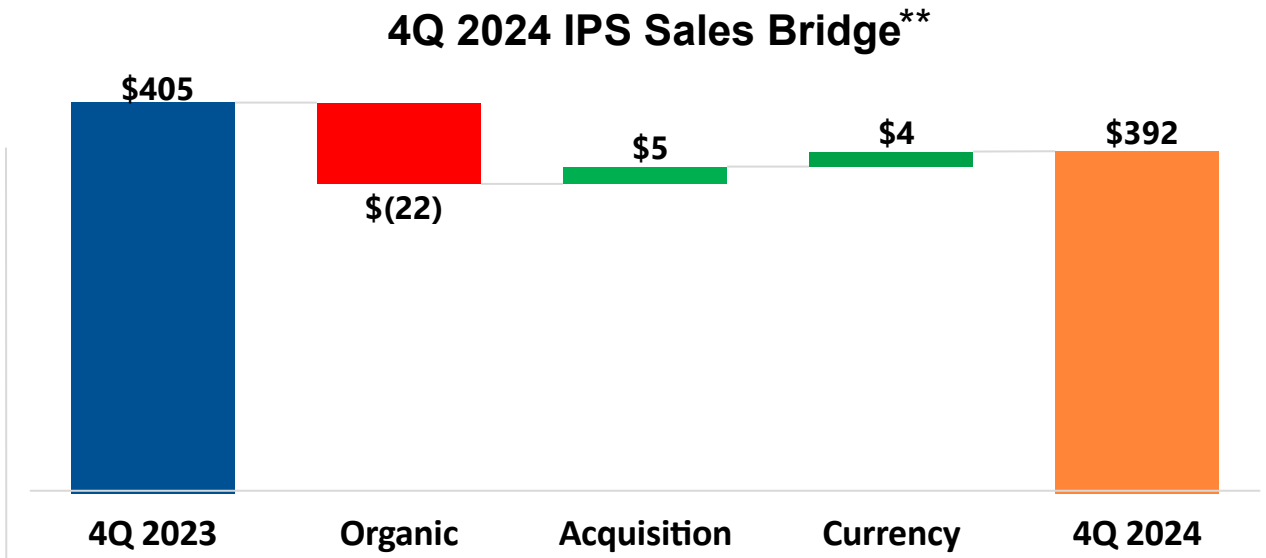
Industrial Precision Solutions – 4Q 2024

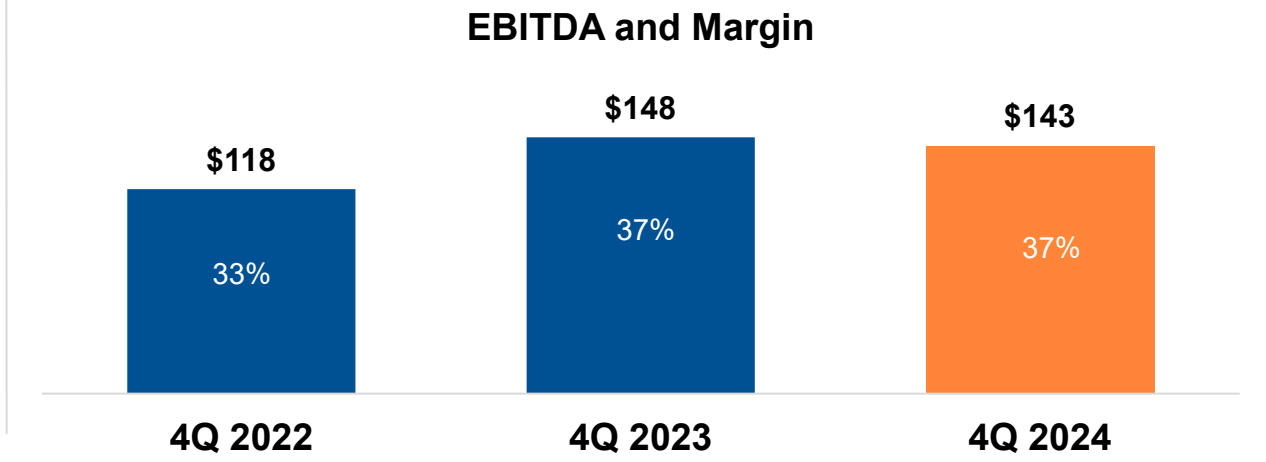
Sales

- Sales of $392 million, a 3% decrease
- Organic decrease of 5% partially offset by 1% acquisition growth and 1% favorable currency impact
- Strength in nonwovens product lines offset by tough comparisons in industrial coatings and weakness in polymer processing product lines

EBITDA*

- EBITDA was $143 million, or 37% of sales, a decrease of 3% compared to prior year
- Strong EBITDA margin maintained on lower sales, due to strong gross margin performance across most product lines





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

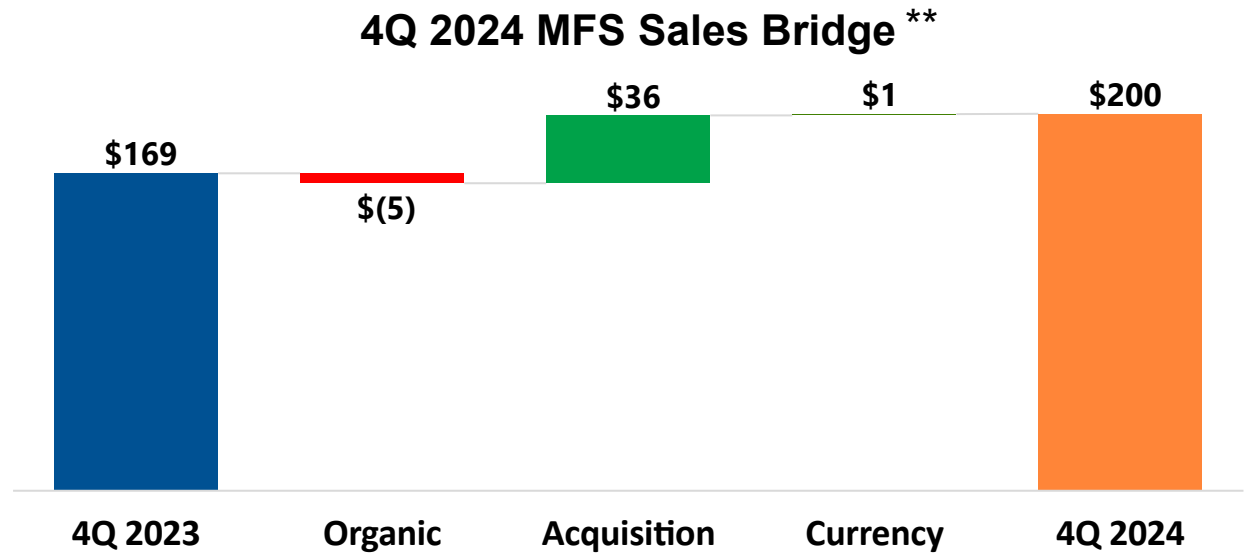
Medical and Fluid Solutions – 4Q 2024

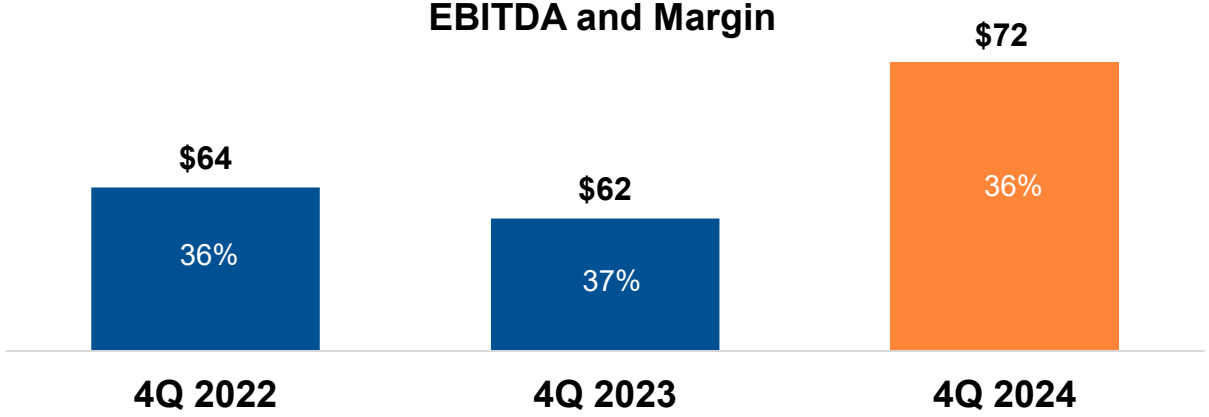
Sales

- Sales of $200 million, an increase of 19%
- Organic decrease of 3%, offset by acquisition contribution of 21% and favorable currency impact of 1%
- Organic sales decrease was driven by softness in medical interventional solutions product lines, partially offset by improvements in medical fluid components and fluid dispense product lines

EBITDA*

- EBITDA was $72 million, or 36% of sales, an increase of 17% compared to the prior year
- Strong contributions from the Atrion acquisition helped drive EBITDA to a Q4 record





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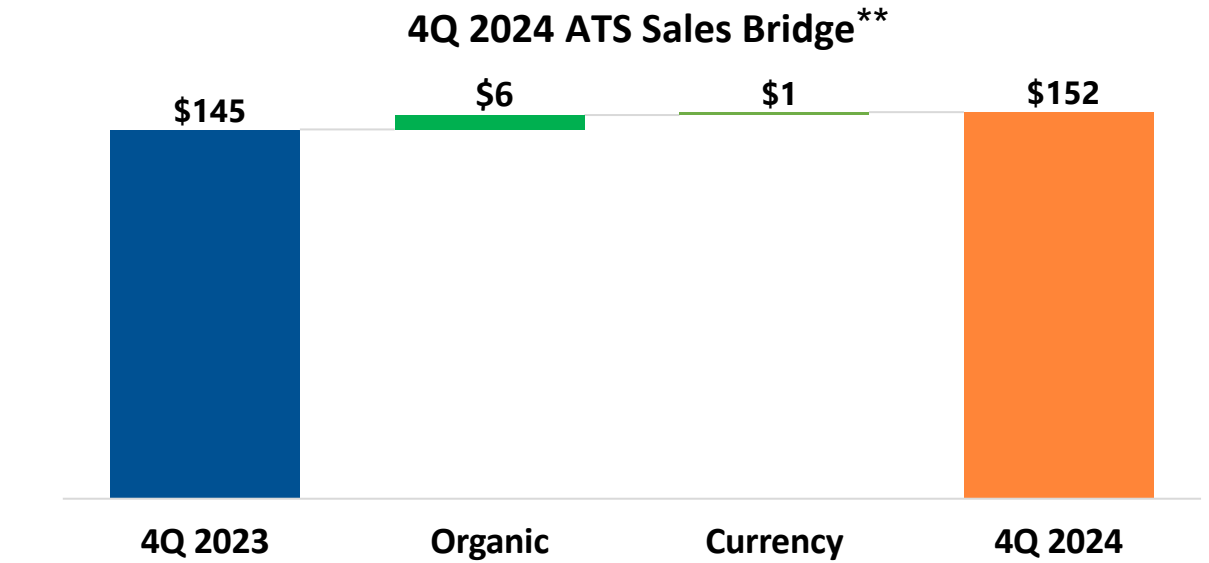
Advanced Technology Solutions – 4Q 2024

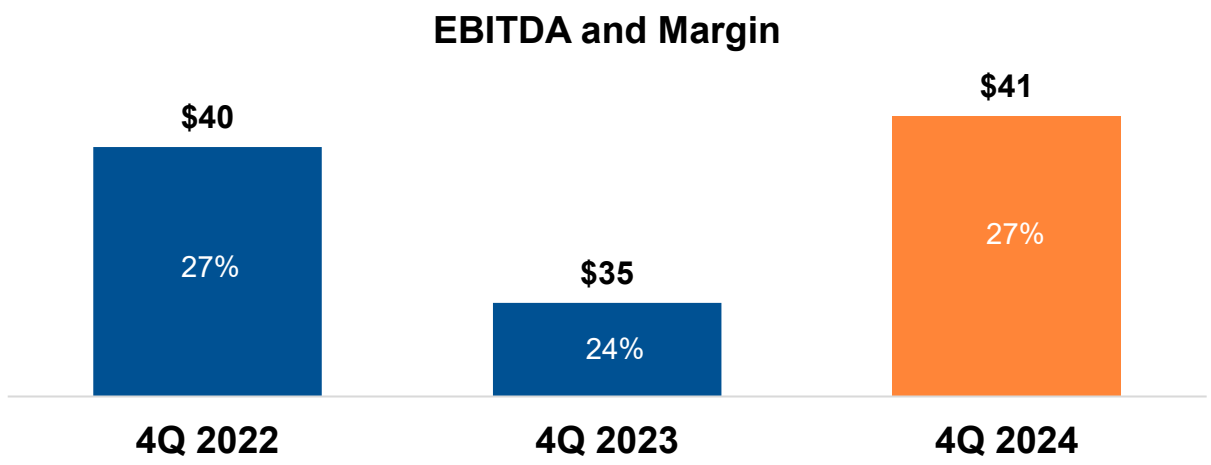
Sales

- Sales of $152 million, an increase of 5%
- 4% organic growth; 1% favorable currency impact
- Organic sales growth was driven by test and inspection and electronics dispense product lines

EBITDA*

- EBITDA was $41 million, or 27% of sales, an increase of 16% compared to the prior year
- 27% EBITDA reflect step-up from historical margin performance





*Non-GAAP numbers - See appendix for reconciliation
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Total Company – Fiscal 2024

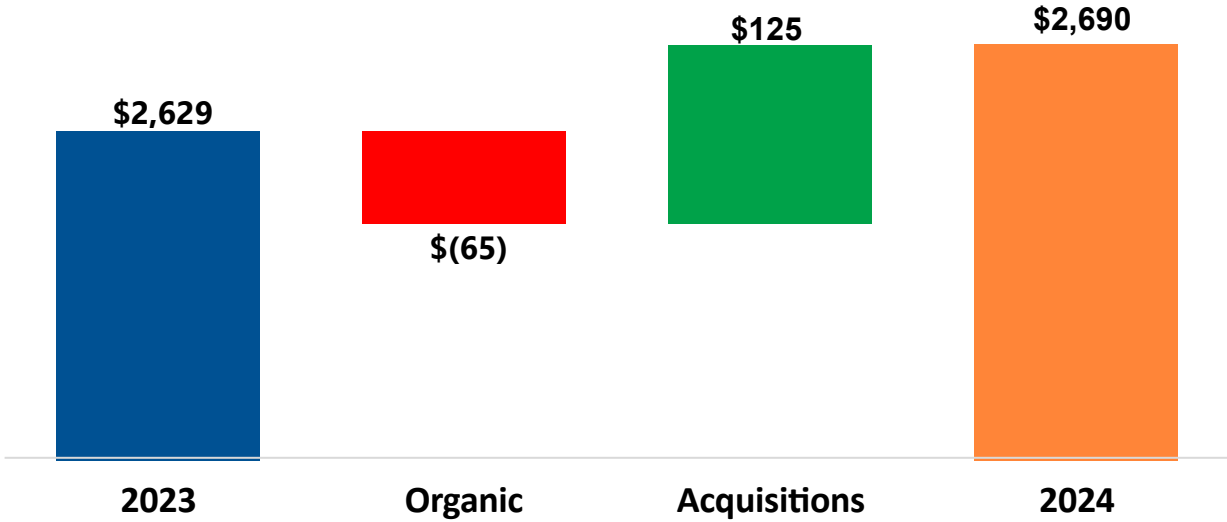
Annual Sales

- Record annual sales of $2.7 billion, an increase of 2%
- Acquisitions contributed 5% growth and currency impact was neutral
- Organic decrease of 3% driven by the ATS segment, offset by relatively flat IPS and MFS segments

EBITDA*

- EBITDA was a record $849 million, an increase of 4%
- EBITDA margin increased to a record 32% of sales, with strong incremental margins of 49%

Full Year Sales**



	FY 2023	FY 2024	Δ
Sales	$2,628.6	$2,689.9	↑ 2%
Operating Profit*	$707.1	$713.0	↑ 1%
EBITDA*	$819.0	$849.2	↑ 4%
EPS GAAP	$8.46	$8.11	↓ -4%
EPS Adjusted*	$9.85	$9.73	↓ -1%

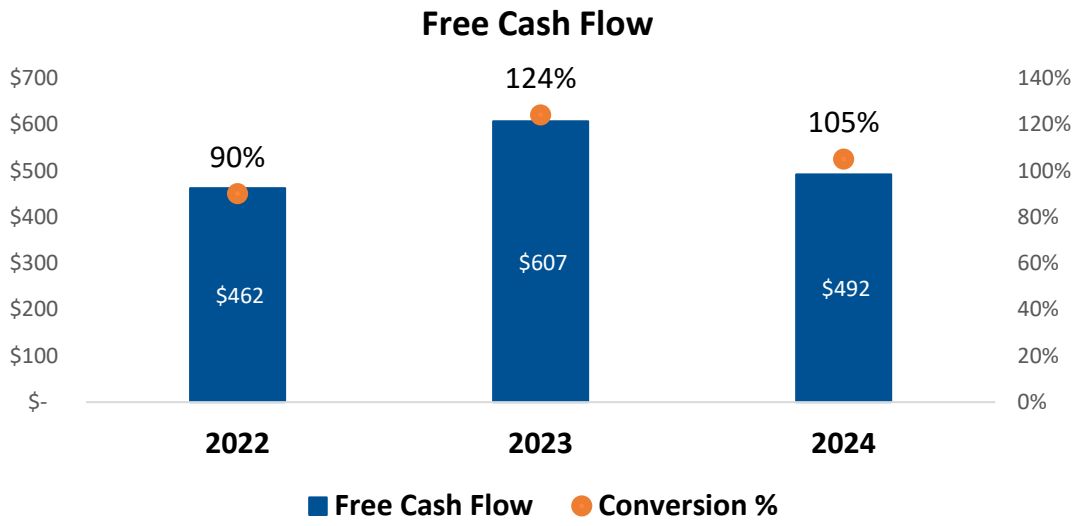
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Balance Sheet and Cash Flow

Healthy Cash Flow with Sufficient Liquidity to Invest in Strategic Initiatives

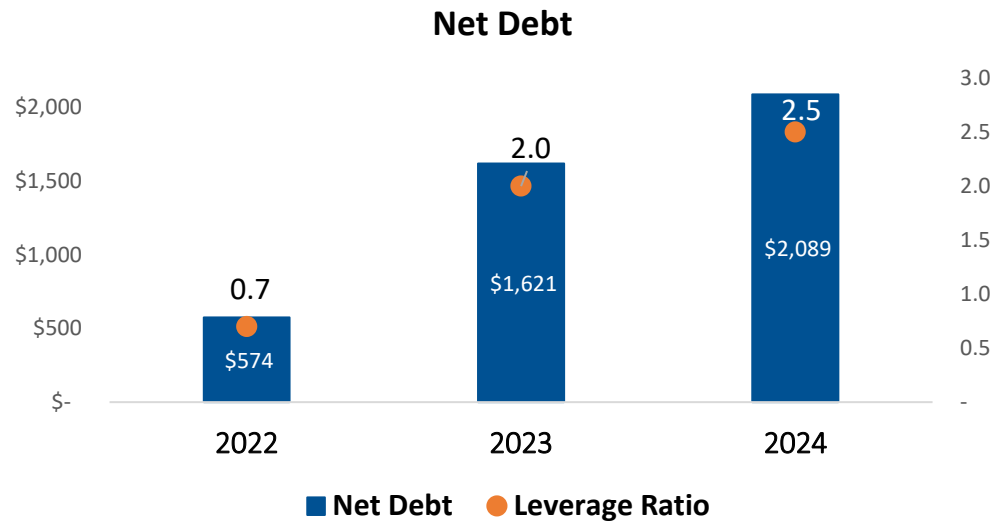
Free Cash Flow

- Cash flow of $492 million, which is a conversion rate of 105% of net income
- In-line with 2022 following record performance in the prior year



Net Debt

- Cash totaled $116 million
- 2.5x net debt leverage ratio based on trailing 12-month EBITDA



Competitive Advantages

- Diversified, Niche End Markets
- High Recurring Revenue
- Direct to Customer
- Differentiated Products
- Growth-biased Portfolio
- NBS Next Growth Framework

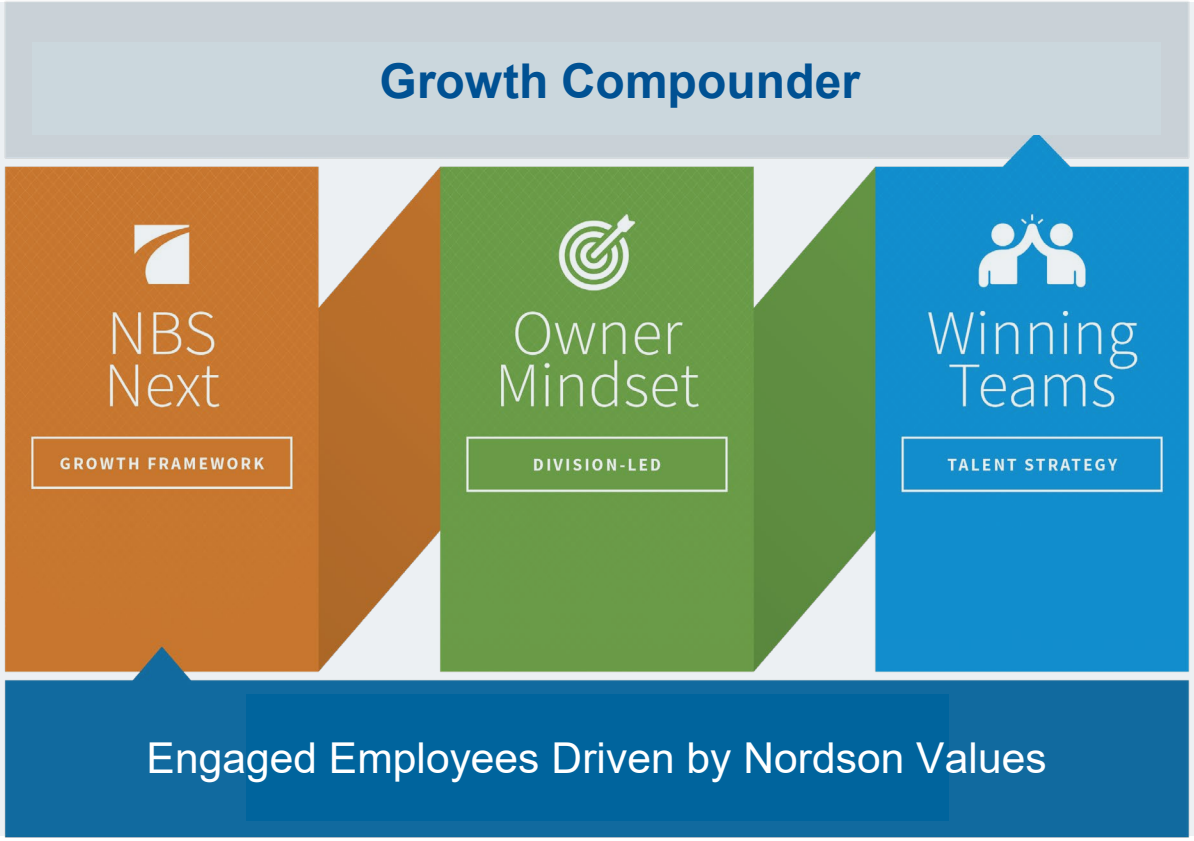
Leadership position in niche end markets with differentiated products

2025-2029 Financial Targets

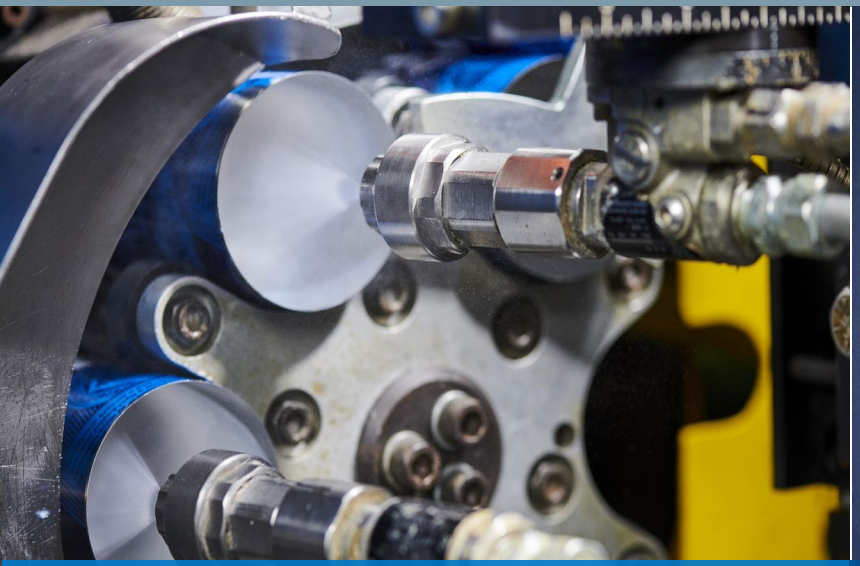
Ascend
STRATEGY

Revenue Growth	Adjusted EPS Growth
6-8%	10-12%

Average annual growth

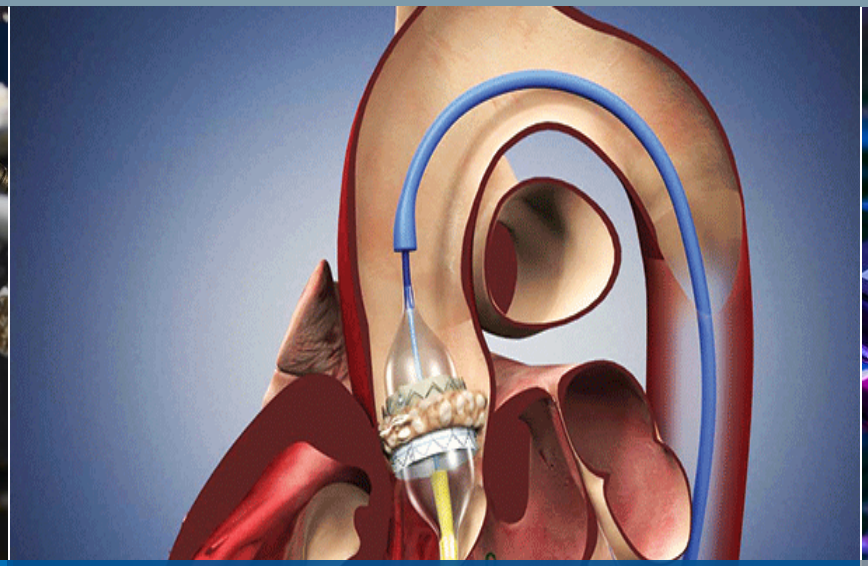


2025 End Market Visibility



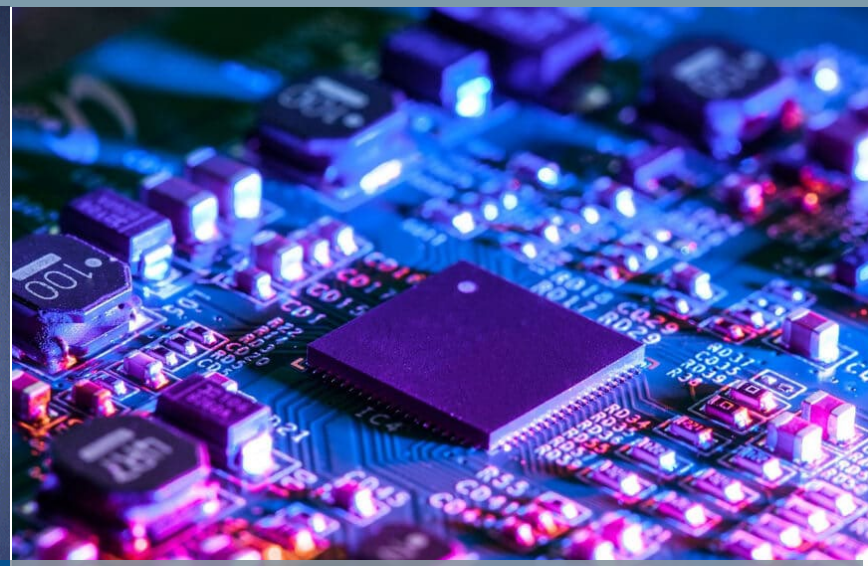
Industrial Precision Solutions

- Challenging comparisons in polymer processing and industrial product lines
- European agriculture stabilizing at lower levels of the cycle
- Parts revenue in consumer non-durables remains steady



Medical and Fluid Solutions

- Supply chain adjustments continue in interventional solutions
- Fluid solutions products for industrial and electronics end market steady
- Biopharma end market steady
- Atrion acquisition drives growth
- Healthy pipeline of customer projects



Advanced Technology Solutions

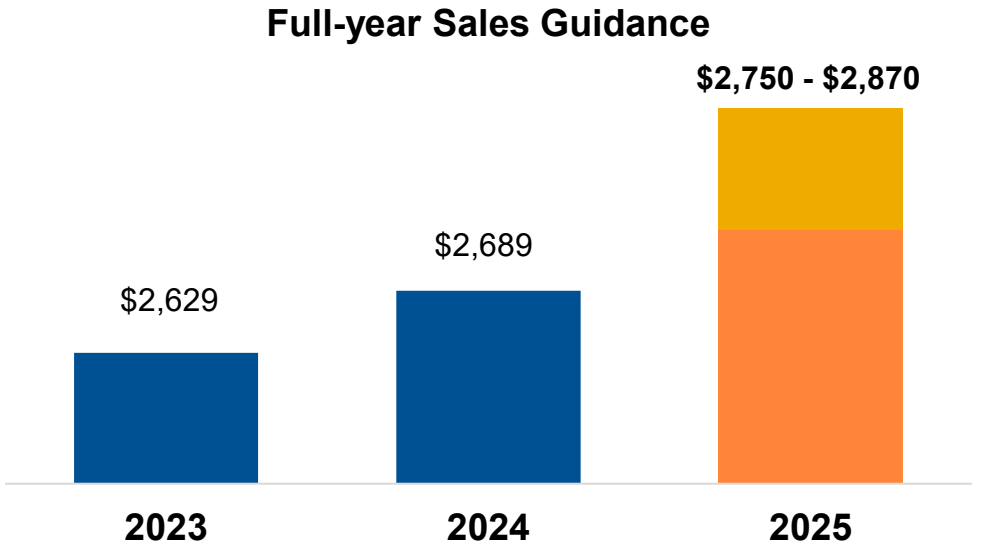
- 4Q 2024 YOY growth, but remaining prudent on electronics market recovery
- Dispense products positioned in back-end of packaging process
- Long-term growth driven by AI, automotive electronics, onshoring and more

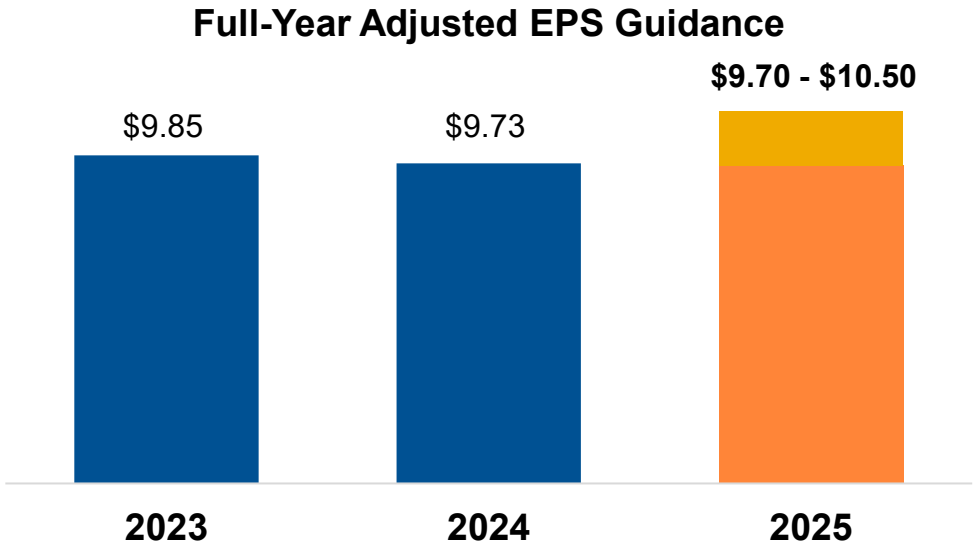
2025 Fiscal Full-Year Guidance

Full-Year Growth from Record 2024

- Ascend strategy is advancing and delivering results
- Backlog, including Atrion, is ~$580 million
- Fiscal 2025 sales growth of 2% to 7%, inclusive of FX headwind of (1.5)%
- Adjusted earnings in the range of neutral to 8% growth
- For modeling purposes, consider:

	FY2025 Range
Effective tax rate	19-21%
Cap-ex	$50-60 million
Interest	$90-$100 million

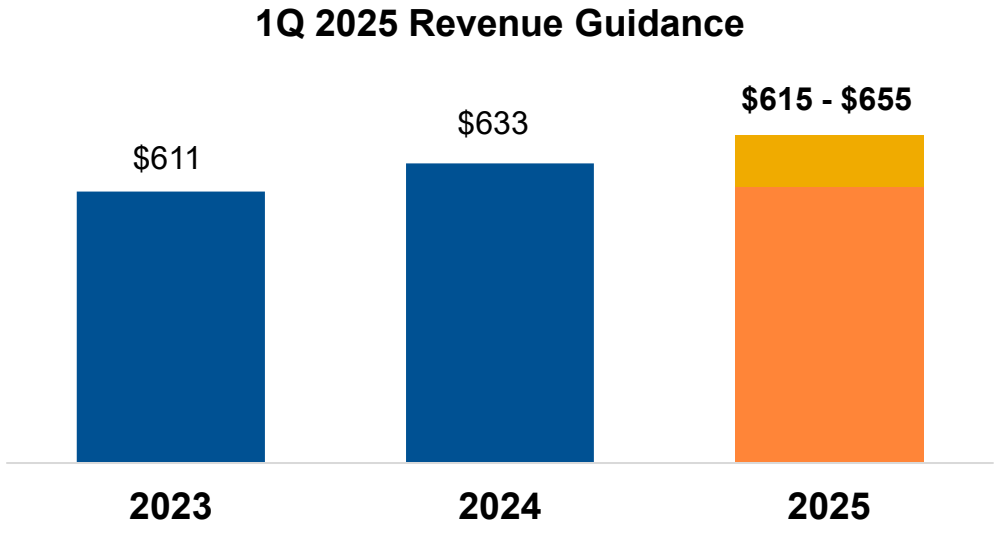


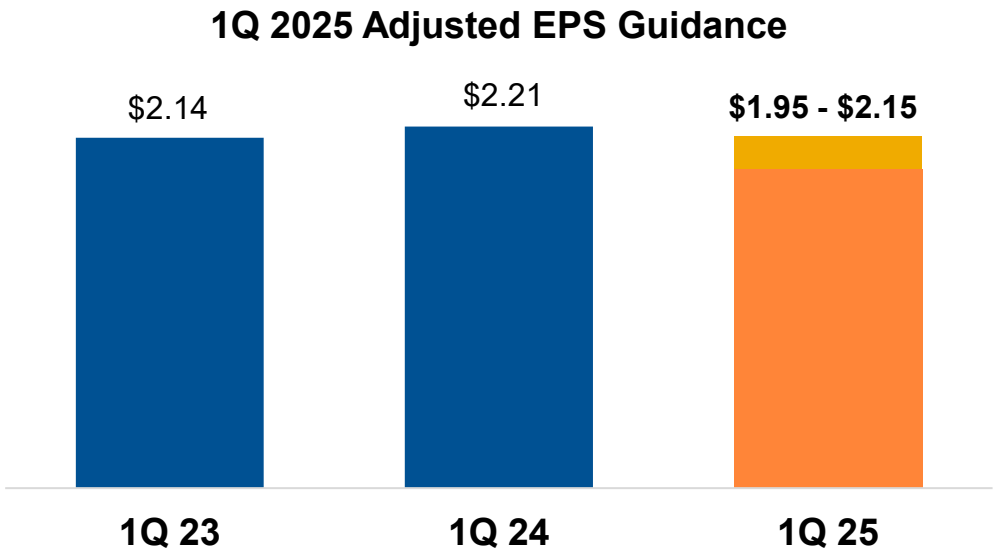


2025 Fiscal 1Q Guidance

Conservative expectations for 1Q

- 1Q 25 sales of $615 - $655 million
- 1Q 25 adjusted earnings per share in the range of $1.95 - $2.15
- Considerations: Global macro-environment, seasonally weaker 1Q historically, end market uncertainty





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		Twelve Months Ended	
	October 31, 2024	October 31, 2023	October 31, 2024	October 31, 2023
Net income	122,168	127,778	467,284	487,493
Income taxes	25,904	32,802	118,197	127,846
Interest expense - net	27,282	25,921	84,011	56,825
Other expense - net	3,538	(1,462)	4,509	597
Depreciation and amortization	36,528	31,261	136,175	111,898
Inventory step-up amortization [1]	4,759	4,556	7,703	8,862
Severance and other [1]	12,717	—	17,332	5,487
Acquisition-related costs [1]	8,200	6,244	13,957	19,966
EBITDA (non-GAAP) [2]	241,096	227,100	849,168	818,974

[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

Adjusted Operating Profit and EBITDA (Dollars in thousands)

NORDSON CORPORATION

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

	Three Months Ended		Twelve Months Ended	
	October 31, 2024	October 31, 2023	October 31, 2024	October 31, 2023
SALES BY SEGMENT				
Industrial precision solutions	$ 392,150	$ 405,436	$1,484,249	$1,391,046
Medical and fluid solutions	200,223	168,632	695,452	660,316
Advanced technology solutions	152,109	145,245	510,220	577,270
Total sales	$ 744,482	$ 719,313	$2,689,921	$2,628,632
OPERATING PROFIT				
Industrial precision solutions	$ 126,254	$ 131,450	$ 470,559	$ 460,889
Medical and fluid solutions	44,264	48,041	187,731	189,367
Advanced technology solutions	33,464	31,526	94,231	101,662
Corporate	(25,090)	(25,978)	(78,520)	(79,157)
Total operating profit	$ 178,892	$ 185,039	$ 674,001	$ 672,761
OPERATING PROFIT ADJUSTMENTS [1]				
Industrial precision solutions	$ 2,899	$ 4,658	$ 8,976	$ 4,658
Medical and fluid solutions	10,761	—	10,761	1,479
Advanced technology solutions	3,816	—	5,895	14,304
Corporate	8,200	6,142	13,360	13,874
Total adjustments	$ 25,676	$ 10,800	$ 38,992	$ 34,315
DEPRECIATION & AMORTIZATION				
Industrial precision solutions	$ 14,035	$ 12,062	$ 56,856	$ 33,228
Medical and fluid solutions	17,239	13,547	58,061	54,988
Advanced technology solutions	3,340	3,529	13,433	15,185
Corporate	1,914	2,123	7,825	8,497
Total depreciation & amortization	$ 36,528	$ 31,261	$ 136,175	$ 111,898
EBITDA (NON-GAAP) [2]				
Industrial precision solutions	$ 143,188 37 %	$ 148,170 37 %	$ 536,391 36 %	$ 498,775 36 %
Medical and fluid solutions	72,264 36 %	61,588 37 %	256,553 37 %	245,834 37 %
Advanced technology solutions	40,620 27 %	35,055 24 %	113,559 22 %	131,151 23 %
Corporate	(14,976)	(17,713)	(57,335)	(56,786)
Total EBITDA	$ 241,096 32 %	$ 227,100 32 %	$ 849,168 32 %	$ 818,974 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		Twelve Months Ended	
	October 31, 2024	October 31, 2023	October 31, 2024	October 31, 2023
GAAP AS REPORTED				
Operating profit	$ 178,892	$ 185,039	$ 674,001	$ 672,761
Other / interest expense - net	(30,820)	(24,459)	(88,520)	(57,422)
Net income	122,168	127,778	467,284	487,493
Diluted earnings per share	$ 2.12	$ 2.22	$ 8.11	$ 8.46
Shares outstanding - diluted	57,603	57,552	57,616	57,631
OPERATING PROFIT ADJUSTMENTS				
Inventory step-up amortization	$ 4,759	$ 4,556	$ 7,703	$ 8,862
Severance and other	12,717	—	17,332	5,487
Acquisition costs	8,200	6,244	13,957	19,966
ACQUISITION AMORTIZATION OF INTANGIBLES	$ 19,560	$ 17,880	$ 76,972	$ 59,719
INTEREST	908	6,817	908	6,817
Total adjustments	$ 46,144	$ 35,497	$ 116,872	$ 100,851
Adjustments net of tax	$ 38,071	$ 28,247	$ 93,278	$ 79,898
EPS effect of adjustments and other discrete tax items	$ 0.66	$ 0.49	$ 1.62	$ 1.39
NON-GAAP MEASURES-ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE				
Adjusted net income [1]	$ 160,239	$ 156,025	$ 560,562	$ 567,391
Adjusted earnings per share [2]	$ 2.78	$ 2.71	$ 9.73	$ 9.85

[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.

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			
	October 31, 2024	July 31, 2024	April 30, 2024	January 31, 2024
Net cash provided by operating activities	$ 556,193	$ 459,812	$ 294,964	$ 172,356
Additions to property, plant and equipment	(64,410)	(43,786)	(21,907)	(7,530)
Free Cash Flow - Year to Date [1]	491,783	416,026	273,057	164,826
Free Cash Flow - Quarter to Date [2]	75,757	142,969	108,231	164,826
Net Income - Year to Date	$ 467,284			
Free Cash Flow Conversion [3]	105 %			

	Year to Date			
	October 31, 2023	July 31, 2023	April 30, 2023	January 31, 2023
Net cash provided by operating activities	$ 641,282	$ 478,072	$ 287,905	$ 123,337
Additions to property, plant and equipment	(34,583)	(24,244)	(15,349)	(9,302)
Free Cash Flow [1]	606,699	453,828	272,556	114,035
Free Cash Flow - Quarter to Date [2]	152,871	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.

[3] Free Cash Flow Conversion - Year to Date is a non-GAAP measure used by management to evaluate the Company's ongoing operations and is defined as Free Cash Flow - Year to Date divided by Net Income - Year to Date.