Nordson Acquires ARAG Group

Global leader in agriculture precision dispense technology

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Today's Speakers



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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, 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 presentation.

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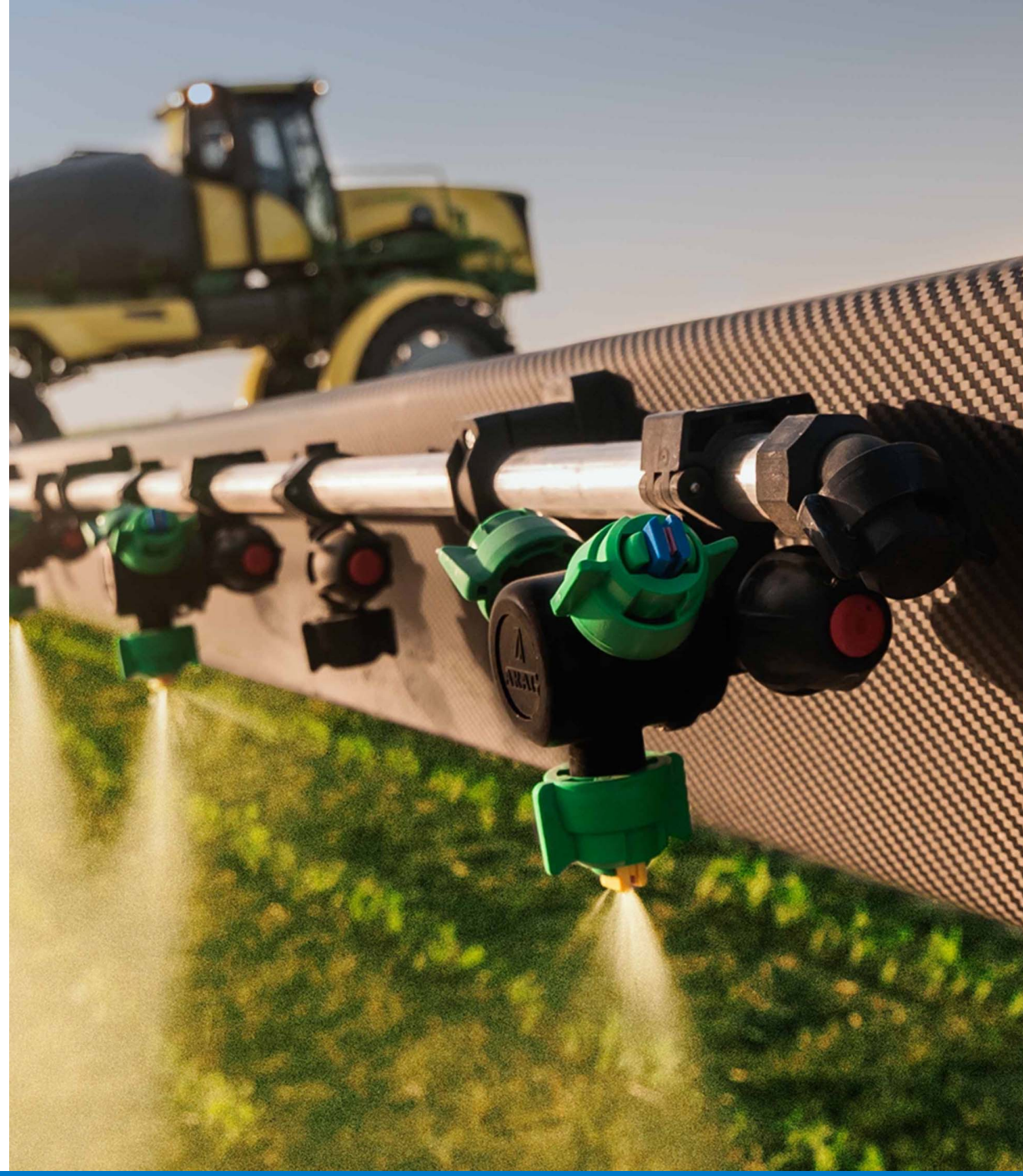
ARAG Group

Differentiated dispense technology for precision agriculture

- 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



Precision Agriculture – Growth Drivers

€1.4 billion addressable market for spraying systems and components

- Population growth and rising demand for food
- Lack of arable land, requiring an increase in productivity
- Adoption of new technology to support customer profitability – improve crop yields
- Environmental policies and regulatory trends to minimize material usage



ARAG – Three Product Families



Fluid Components
45% of sales



Smart Components
33% of sales



Control Systems
22% of sales

All supported by proprietary software and data capabilities

- Injection molded mechanical parts in direct contact with the fluid, including fittings, filters, nozzles / nozzle holders, pumps
- High level of recurring revenue due to wear parts and recapitalizing installed base

Electronic control-based components that manage fluid dispensing:

- Electric valves, pumps, actuators
- Sensors
- Auxiliary systems

- Electronic parts, not in contact with the fluid, including control systems and electronics accessories
- Connected to GPS location tracking
- Supported by proprietary software

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Transaction Summary

Financial Overview

- ARAG forecasted 2023 Revenue ~€155 million and EBITDA ~€58 million, or 37% of sales
- All-cash transaction that values ARAG at an enterprise value of €960 million, reflecting a valuation of 16.5x forecasted 2023 EBITDA
- Valuation of 13.5x 2025 fully synergized EBITDA
- Revenue growth rate and profit profile accretive to Nordson
- High-single digit ROIC in year five

Financing & Integration Considerations

- To be funded through combination of cash on hand and newly issued financial debt
- Projected net debt to EBITDA leverage ratio of 2x at the close
- Transaction expected to close during 4Q fiscal 2023
- Will be included in the Industrial Precision Solutions (IPS) segment, treated as a new division



Questions & Answers

ARAG at a Glance

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

Company Founded	1976
2023E Revenue	~€155M
Gross Margins	Nordson-like
2023E EBITDA Margin	~37%
Employees	~700
Revenue by Geography (2022)	Other 12%, North America 5%, South America 25%, Europe 58%

