

Nordson

INVESTOR PRESENTATION

February 20, 2020 | NASDAQ: NDSN

Nordson® ProBlue® Flex Melter featuring BBconn Controls, which allow for remote operation, more visibility, real-time oversight, and data and analytics needed for continuous improvement.

Safe Harbor Statement
Under the Private Securities Litigation Reform Act of 1995

Information in this presentation may contain “forward-looking statements” within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by words such as “may,” “will,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “projects,” or “potential” or the negative of these words and phrases or similar words or phrases which are predictions of or indicate future events or trends and which do not relate solely to historical matters.

All statements regarding our future performance, earnings projections, events or developments are forward-looking statements. These forward-looking statements are made based on known events and circumstances at the time of release, and as such, are subject in the future to unforeseen uncertainties and risks that could cause actual results to differ materially from those contained in any forward-looking statement. Such risks and uncertainties are described under “Risk Factors” in Item 1A of our annual report on Form 10-K and any updates to those factors set forth in our subsequent quarterly reports on Form 10-Q or current reports on Form 8-K. We make these statements as of the date of this disclosure, and undertake no obligation to update them unless otherwise required by law.

Nordson



A premier industrial technology company focused on precision dispensing, fluid control and related processes and proprietary technology.

1954	$2.2B	$587M	7,500+	35+
Company Founded	*Sales	*EBITDA	Employees	Countries with Direct Presence

*Sales and EBITDA for the full fiscal year ended 10/31/19.

Investment Highlights

Strong Average Annual Sales Growth

5%

Average

2015-2019

Outstanding Gross Margins

55%

Gross Margins

Average
2015-2019

Excellent EBITDA Margins

26%

EBITDA Margin

Average
2015-2019

High Level of Free Cash Flow Before Dividends

$1.2B

100% of Net Income

2015-2019

Strong Cash Returns to Shareholders

$895M

Share Repurchases & Dividends

2015-2019

Reliable and Consistent Dividend

56 yrs

of Annual Increases

24% payout ratio
in 2019

Outstanding Long Term Total Shareholder Returns

21%

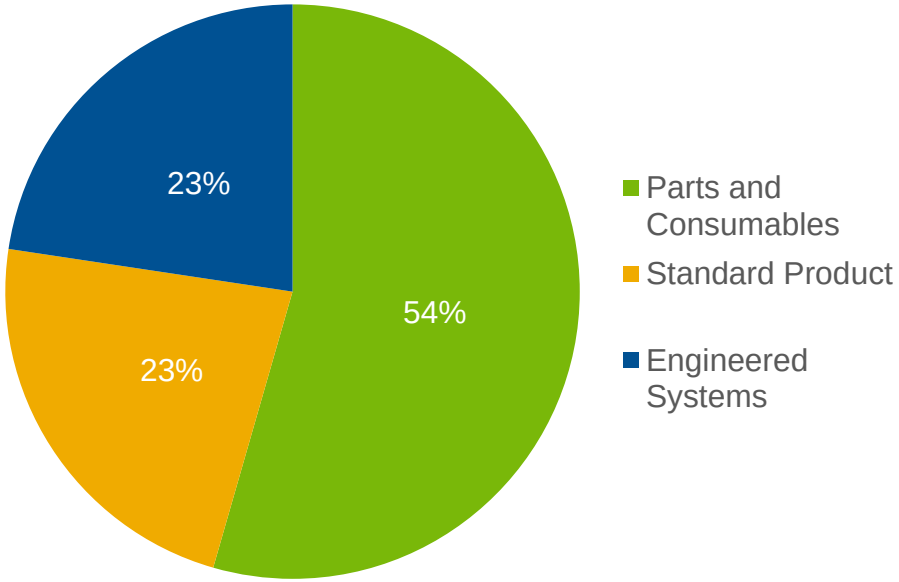
TSR CAGR

2009-2019

Diversified Sources of Sales

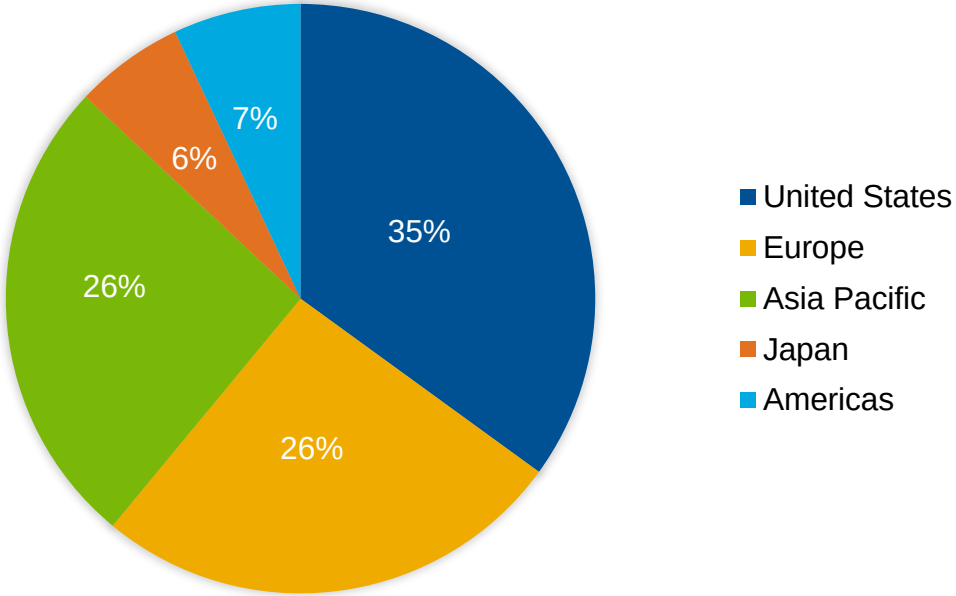
FY2019 Profile - $2.2 Billion

Product Type



High percentage of recurring sales from parts and consumables.

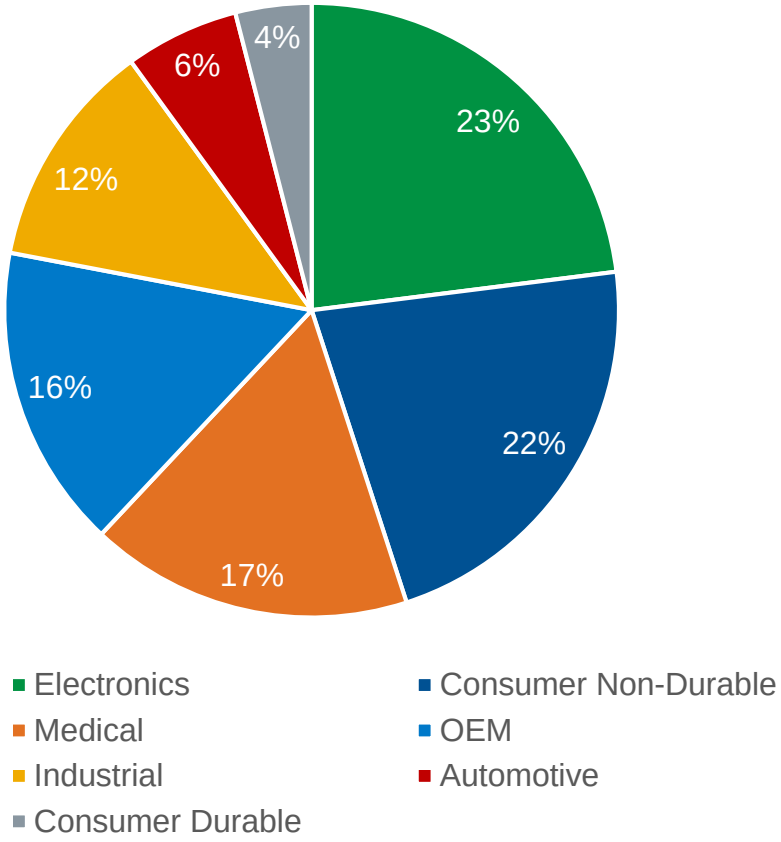
Geographies



Nearly 70% of sales outside USA. Direct presence in over 35 countries.

Diversified End Markets

FY2019 Profile - $2.2 Billion



End markets include:

- **Electronic Components:** semiconductors, printed circuit boards, computing, communications/mobile, consumer electronics (i.e., gaming, wearables, automotive electronics)
- **Consumer Non-Durable:** beverage, disposable hygiene, food, paper, textiles, packaging
- **Medical:** minimally invasive interventional delivery devices, catheters, medical balloons, fluid connection components, specialty tubing
- **Original Equipment Manufacturer (OEM)/Distributors:** Nordson products used to build manufacturing line, not end market specific
- **Industrial:** aerospace, chemical, construction, energy, farm and construction machinery, industrial machinery, rigid container, metal, transportation
- **Consumer Durable**: appliance, furniture, lighting
- **Automotive:** applications for new vehicle platforms

**Percentages are for directional use only; may not add to 100% due to rounding.*

Nordson Business Segments



ADVANCED TECHNOLOGY SYSTEMS*
45%

Precision dispense, fluid management, surface treatment, test & inspection and proprietary solutions for electronics, medical and general industrial end markets.

Targeted organic growth rate:

2-3x Global GDP

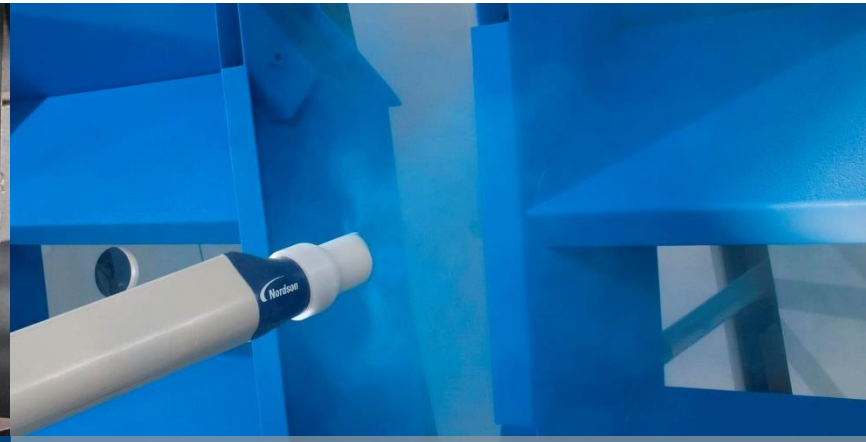


ADHESIVE DISPENSING SYSTEMS*
43%

Hot melt dispense solutions for recession-resistant, consumer non-durable end markets. Additional components for use in the thermoplastic melt stream.

Targeted organic growth rate:

1.5-2x Global GDP



INDUSTRIAL COATINGS SYSTEMS*
12%

Standard and highly-engineered systems used primarily for applying coatings, paint, finishes, sealants, and more, for the consumer durable goods and industrial end markets.

Targeted organic growth rate:

Global GDP+

Segment mix for the full fiscal year ended 10/31/19

Advanced Technology Systems

Organic **5.2%**

Acquisitive **8.3%**

Currency **(0.9%)**

2015-19 Average Annual Sales Growth

20.9%

2019 Annual Operating Margin

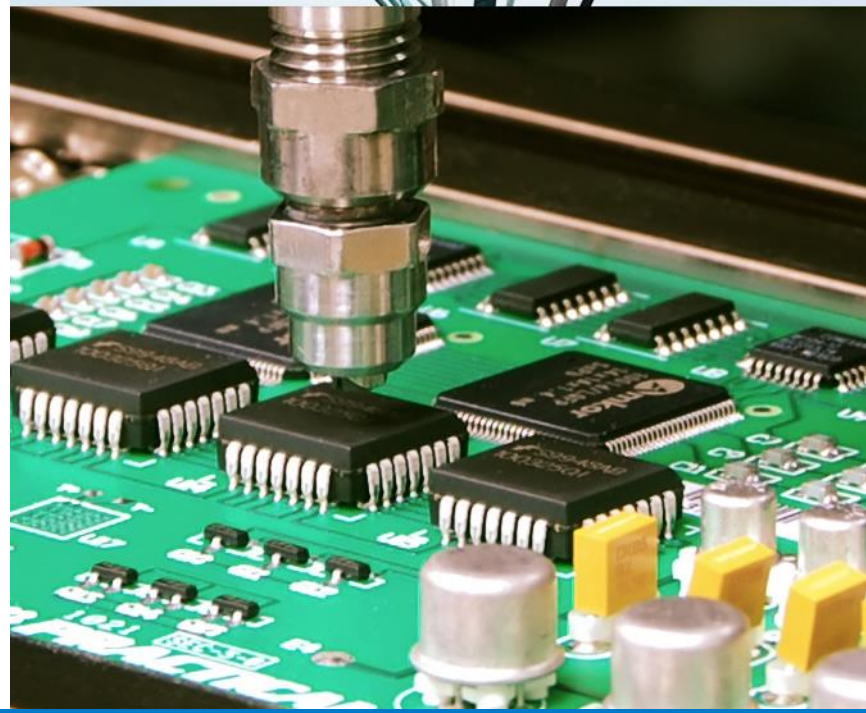
What We Do

Precision dispense, fluid management, test, inspection, surface treatment and proprietary solutions for medical, electronics and general industrial markets.

2-3X Global GDP Growth Driven by:

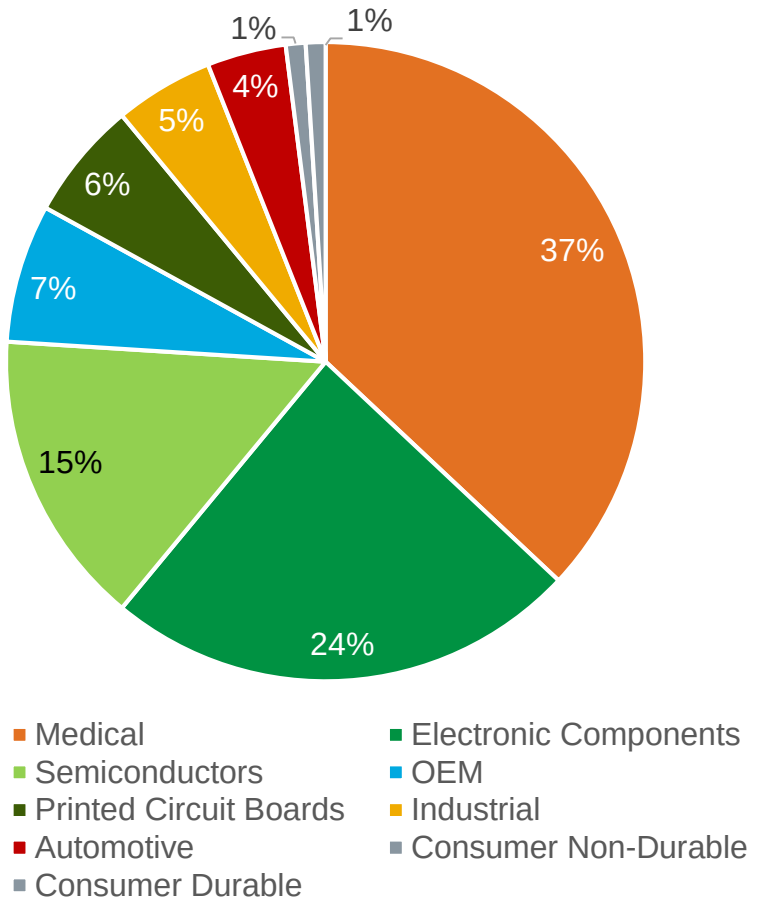
- Medical – Aging population, trends toward non-invasive surgical techniques and medical OEM outsourcing
- Broad product use across the electronics supply chain from integrated circuit to printed circuit board to end product assembly
- Circuit shrinkage / new architectures / flip chips
- New applications including automotive electronics, electric batteries, and flexible circuits
- Emerging markets
- Product tiering





Advanced Technology

FY2019 Profile – Diverse End Markets



*Percentages are for directional use only

End markets include:

- **Medical:** minimally invasive interventional delivery devices, catheters, medical balloons, fluid connection components, specialty tubing
- **Electronics:** electronic components (i.e., computing; communications/mobile; consumer electronics – gaming, wearables; automotive electronics), semiconductors, printed circuit boards
- **OEM/Distributor:** Nordson products used to build manufacturing line, not end market specific
- **Industrial:** aerospace, construction, defense, energy, industrial machinery
- **Consumer Durable**: general applications (i.e., furniture, lighting)
- **Consumer Non-Durable:** disposable hygiene, food, textiles

Adhesive Dispensing Systems

Organic **3.3%**
Acquisitive **0.2%**
Currency **(2.3%)**

2015-19 Average Annual Sales Growth

28.9%

2019 Annual Operating Margin

What We Do

Products to melt, filter, pump, transport, dispense and deposit adhesives, polymers and other materials in the manufacturing of a wide range of goods.

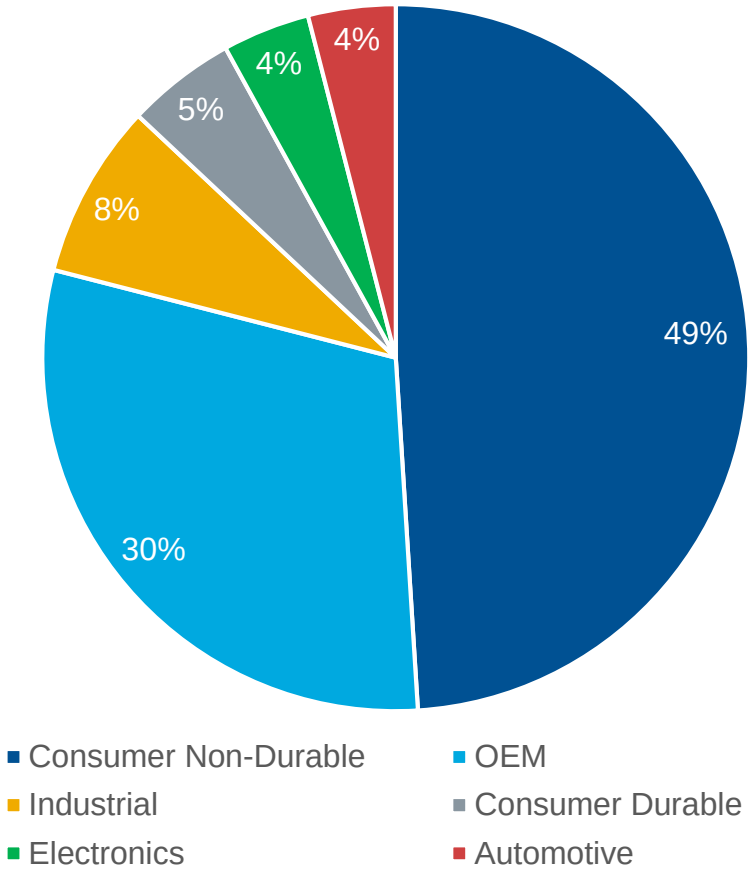
1.5-2X Global GDP Growth Driven By:

- Increased use of disposable hygiene products (diapers, feminine care, etc.) and packaged convenience foods and plastics; demand increase driven by growing middle class
- Recapitalization of large installed base
- Productivity and efficiency investments
- New applications, including electric battery and fabric bonding
- Material, machinery and process innovations
- Emerging markets
- Product tiering



Adhesive Dispensing

FY2019 Profile – Diverse end markets



*Percentages are for directional use only

End markets include:

- **Consumer Non-Durable:** beverage, disposable hygiene, food, paper, textiles, non-wovens, packaging
- **OEM/Distributor:** Nordson products used to build manufacturing line, not end market specific
- **Industrial:** aerospace, chemical, construction, defense, energy, farm and construction machinery, industrial machinery, rigid container, metal, transportation
- **Consumer Durable**: appliance, furniture, lighting
- **Automotive:** applications for new vehicle platforms
- **Electronics:** electronic products (i.e., wearables), printed circuit boards

Industrial Coatings Systems

Organic **2.9%**
Acquisitive **0.0%**
Currency **(1.6%)**

2015-19 Average Annual Sales Growth

20.9%

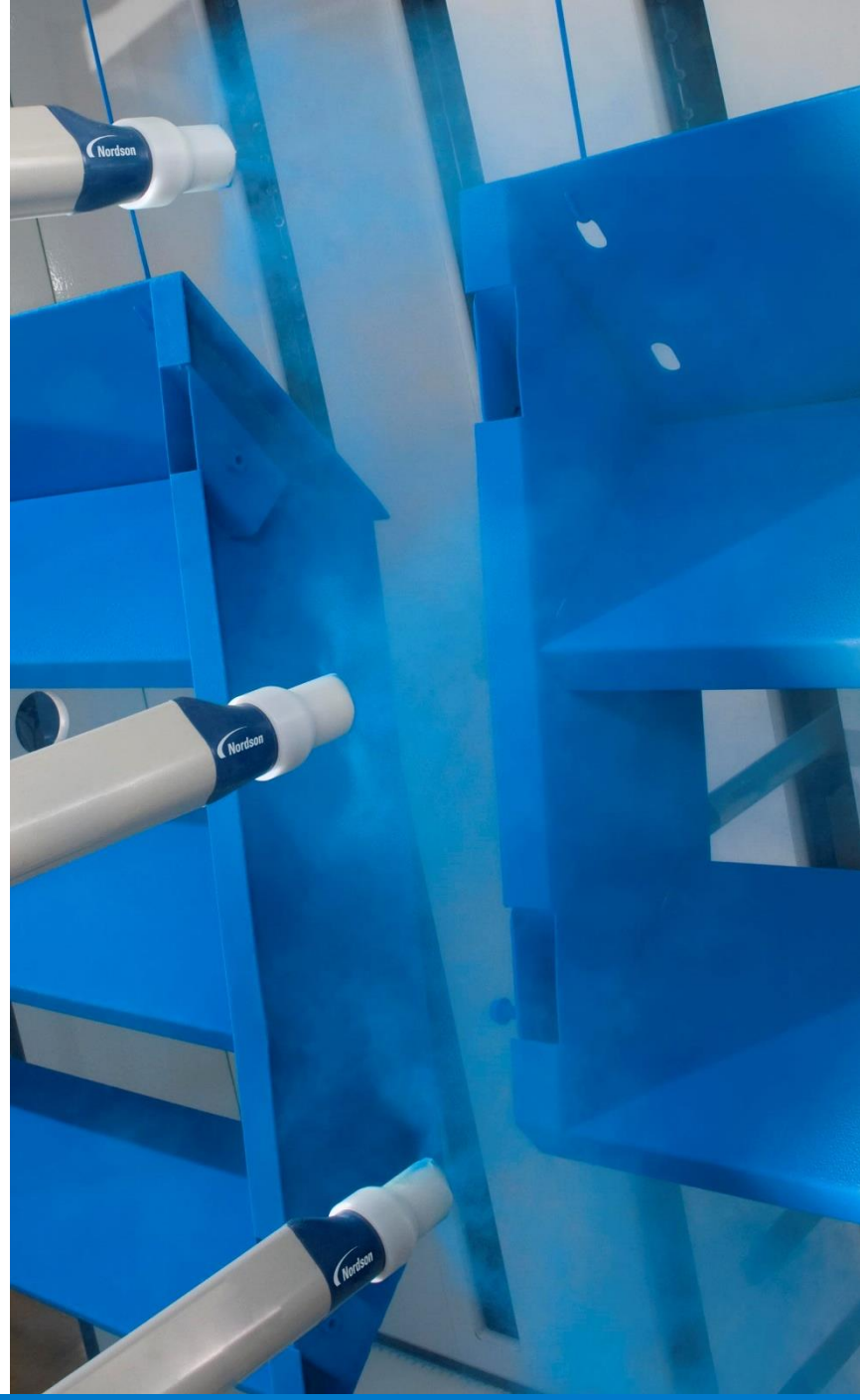
2019 Annual Operating Margin

What We Do

Precision equipment and systems to apply and cure paints, sealants, coatings, ambient temperature adhesives, and other materials to a wide range of products.

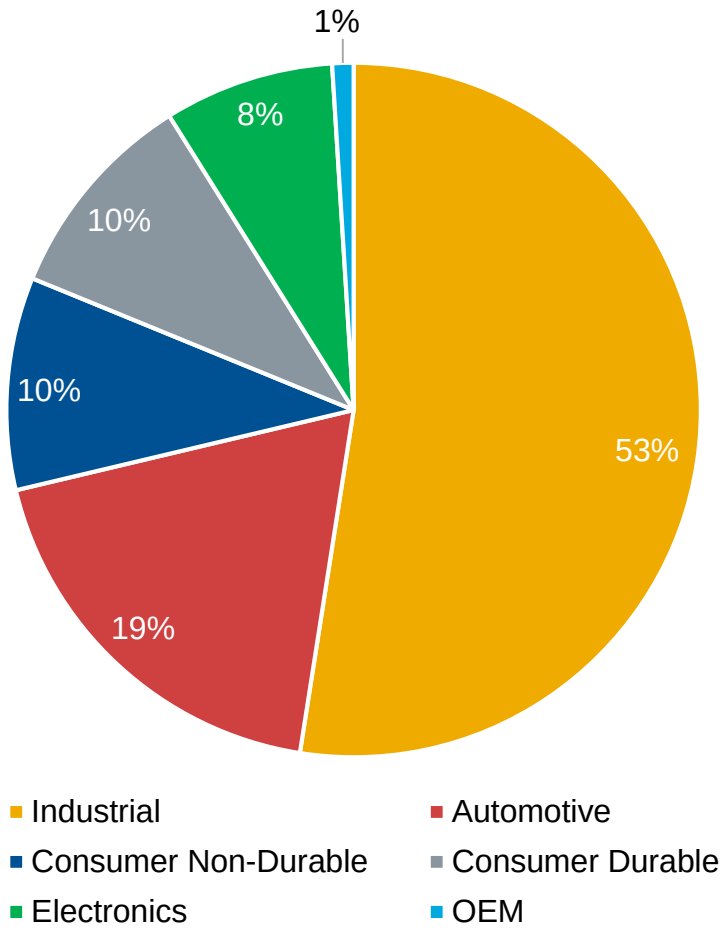
GDP+ Growth Driven By:

- Environmental advantages of powder coatings
- Adhesives replacing mechanical fasteners
- Light-weighting of vehicles
- Productivity investments
- Quick color change
- Product tiering
- Diverse end markets, including appliance, lawn and garden, food and beverage, aerospace, automotive assembly, and more



Industrial Coatings

FY2019 Profile – Diverse end markets



*Percentages are for directional use only

End markets include:

- **Industrial:** aerospace, chemical, construction, defense, energy, farm and construction machinery, industrial machinery, rigid container, metal
- **Automotive:** applications for new vehicle platforms; upgrades of current vehicle lines
- **Consumer Non-Durable:** beverage, food, general applications
- **Consumer Durable**: appliance, furniture
- **Electronics:** UV curing of semi-conductor wafers and other electronic components
- **OEM/Distributor:** Nordson products used to build manufacturing line, not end market specific

Why Invest in Nordson?

Our Priorities

Our plan is to deliver top shareholder returns by growing and extending our high value business model in precision dispensing and adjacent technologies.



1. Accelerate organic growth
2. Diversify through acquisitions
3. Leverage NBS for profitable growth
4. Sustain our cultures and values

1 Organic Growth

We expect to accelerate organic growth by creating our own demand.



Multiple Paths to Organic Growth:

1. New Products
2. New Applications
3. Recapitalize Installed Base
4. Emerging Markets
5. Product Tiering

Reported Organic Sales Growth (2015-2019):

4% Average Annual Growth

2 Key Acquisitions

Additional growth comes through the acquisition of companies that share our business model characteristics and can leverage our global infrastructure.



Key Criteria for Acquisitions:

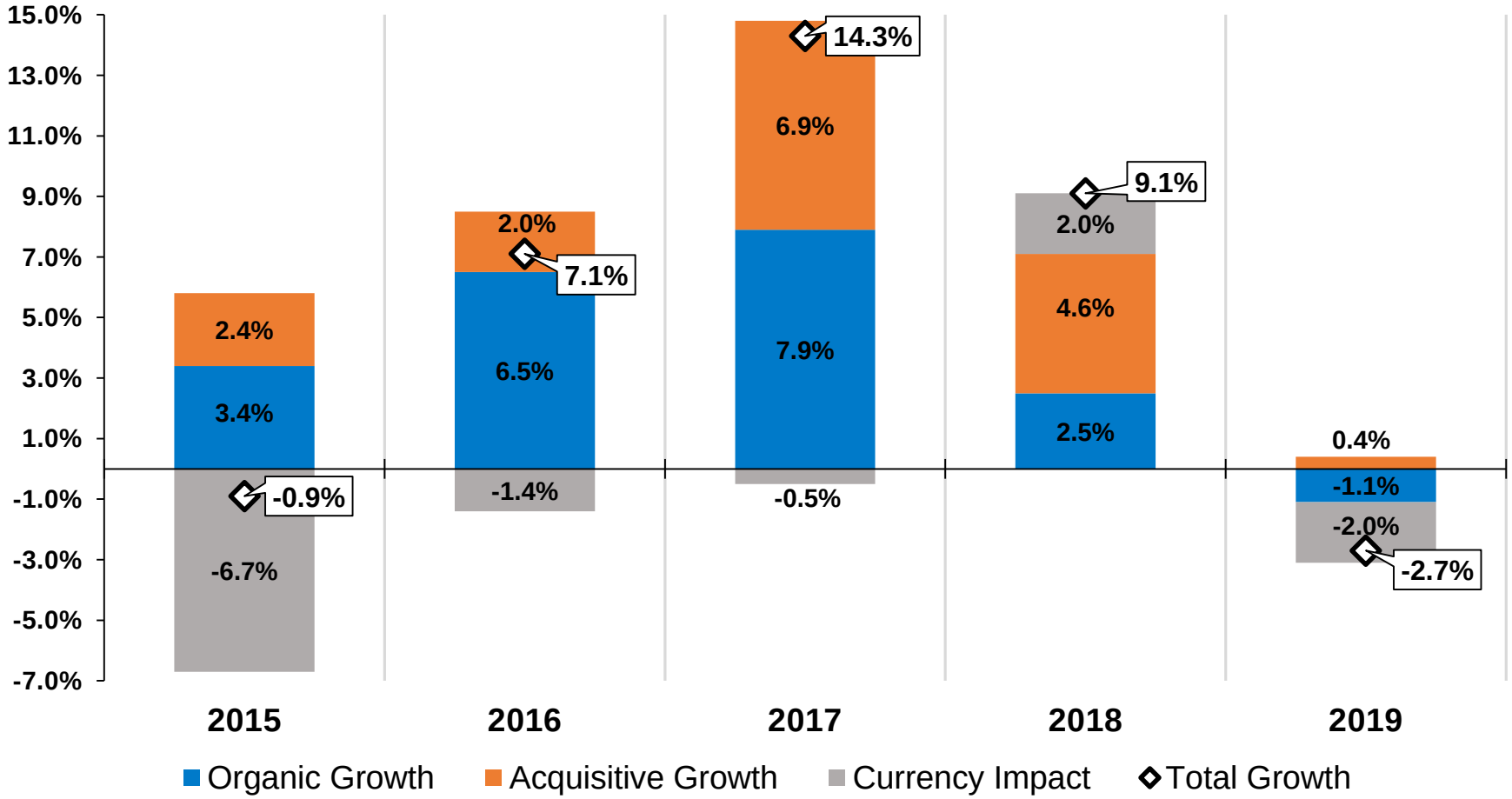
1. Strategic Fit
2. High Quality Businesses: Strong Performers & Proprietary Technology
3. Growth Rate at or Above Nordson
4. High % of Recurring Sales
5. Sales and Cost Synergies

Sales Growth from Acquisitions (2015-2019):

3% Average Annual Growth

Strong Growth: Organic and Acquisitive

On average across the past five years, Nordson has delivered annual sales growth of 5 percent, inclusive of 4 percent organic growth, 3 percent growth related to the first year effects of acquisitions and a decrease of 2 percent related to the unfavorable effects of foreign currency.



3 Optimize Business

Driving continuous improvements across the organization.



Key Performance Indicators:

1. Growth Initiatives
2. Price Effectiveness
3. Cost Reduction Initiatives
4. Cost of Poor Quality
5. Customer Delivery Performance
6. Days of Sales in Inventory
7. Productivity
8. Sales from New Products

4 Culture & Values

We have a long and proud history of investing in the communities where we live and work. We invest approximately five percent of domestic pretax earnings to human welfare services, education and other charitable activities.



Our Commitment to Giving Back:

1. Over $109M in overall giving to date
2. More than 100K total hours volunteered
3. $3M towards BUILDS scholarships
4. Investing in locations where we have significant operations (over 20 communities in the United States and 11 countries)

Nordson

Financial Results

Fiscal 1Q2020 Results & FY2020 Guidance

1QF2020 Results

$495M	$75M	$101M	$0.89	$102M
Sales	**Operating Profit** (15% of Sales)	**EBITDA** (20% of Sales)	**GAAP Diluted EPS**	**Free Cash Flow Before Dividends** (197% of net income)

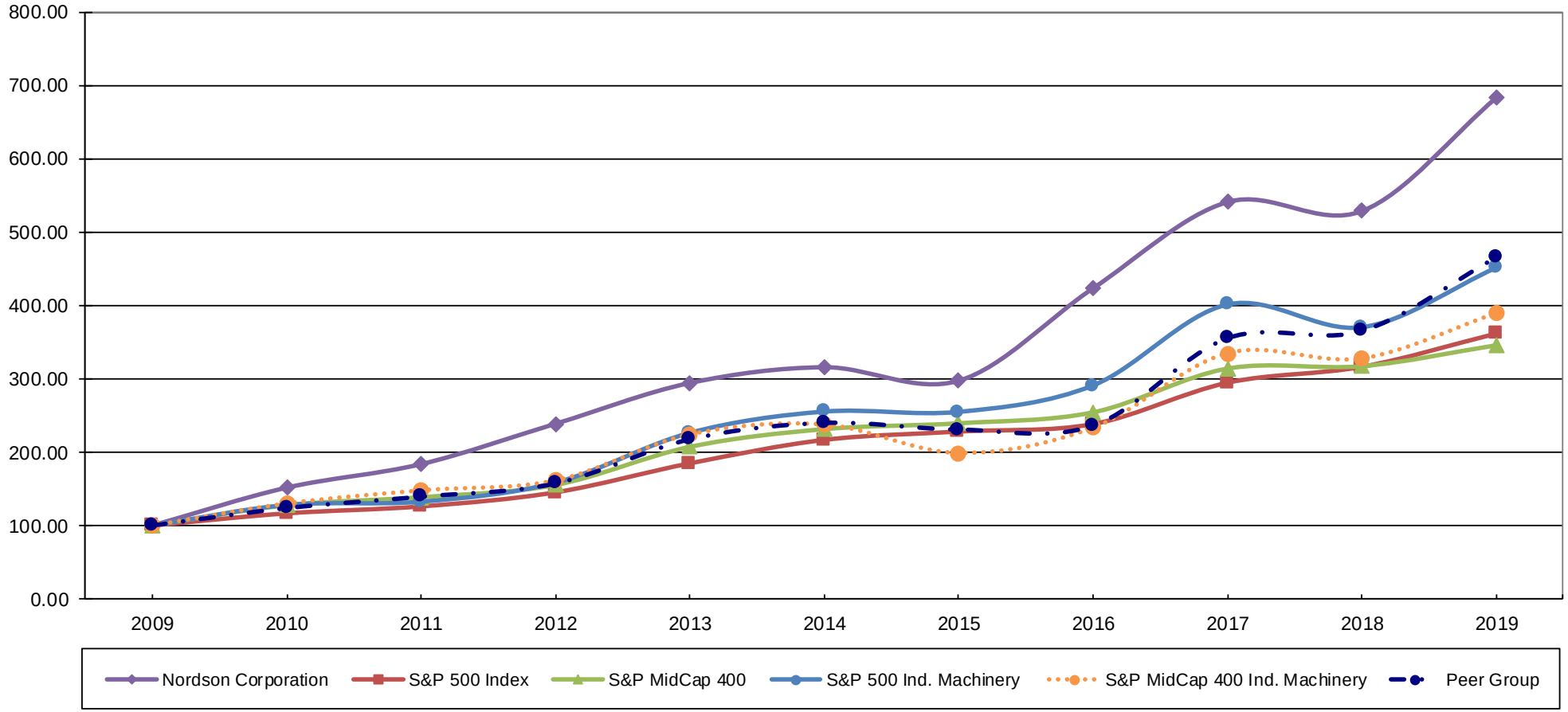
2020 Guidance

- Organic sales volume growth in the range of 1 to 3 percent compared to Fiscal 2019
- Growth from acquisitions adding 20 bps
- Unfavorable currency translation effect of 30 bps
- Hold reported operating margin and EBITDA margin equal to Fiscal 2019
- Interest expense expected to be appx. $36 million
- Maintenance capital expenditures expected to be appx. $50 million
- Estimated effective tax rate 22 percent
- GAAP diluted EPS growth in the range of 2 to 6 percent compared to Fiscal 2019

Nordson

Total Shareholder Return Above Our Peers

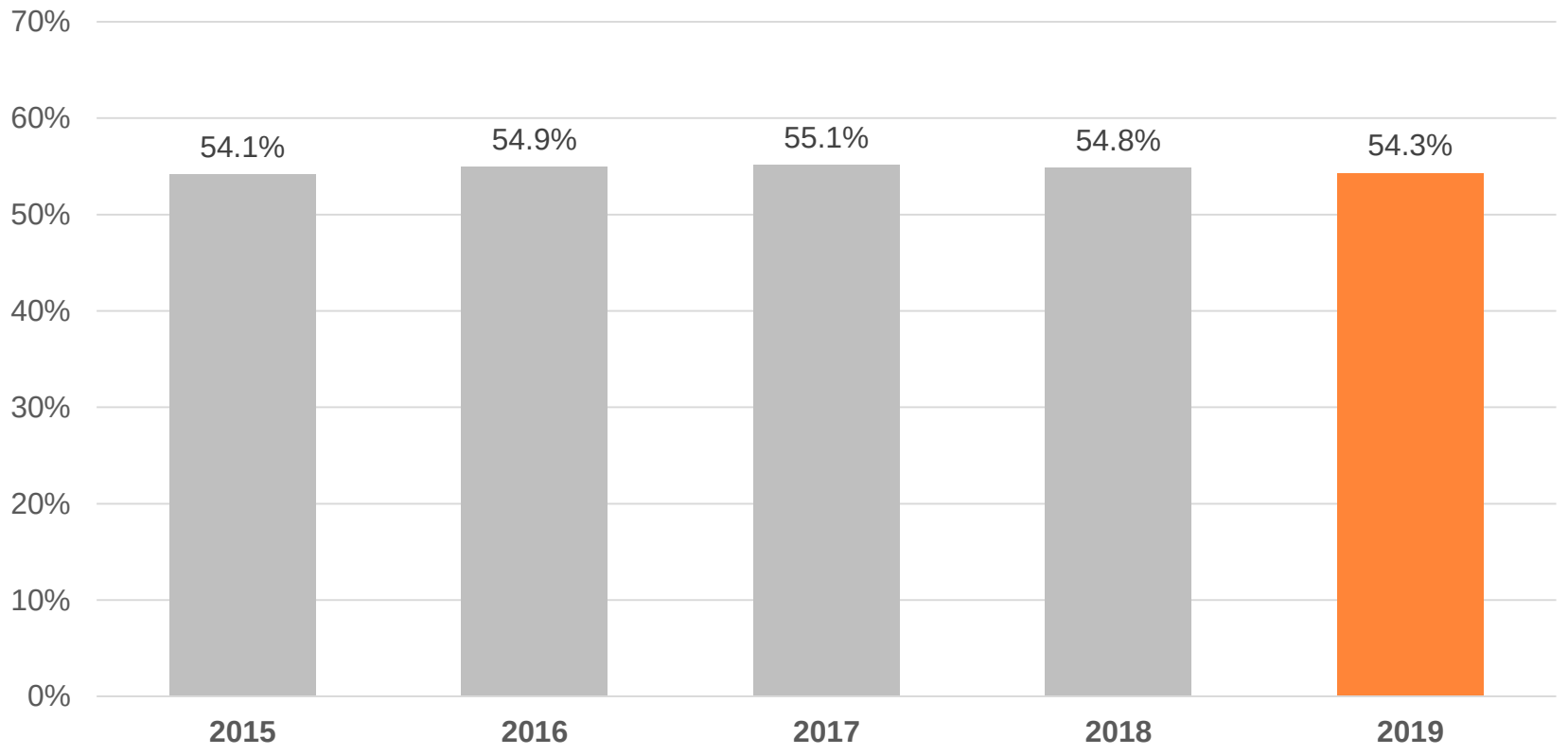
Comparison of 10 Year Cumulative Total Return



Assumes Initial Investment of $100 on November 1, 2009
Fiscal Year Ending October 31, 2019
Source: Zack's Investment Research

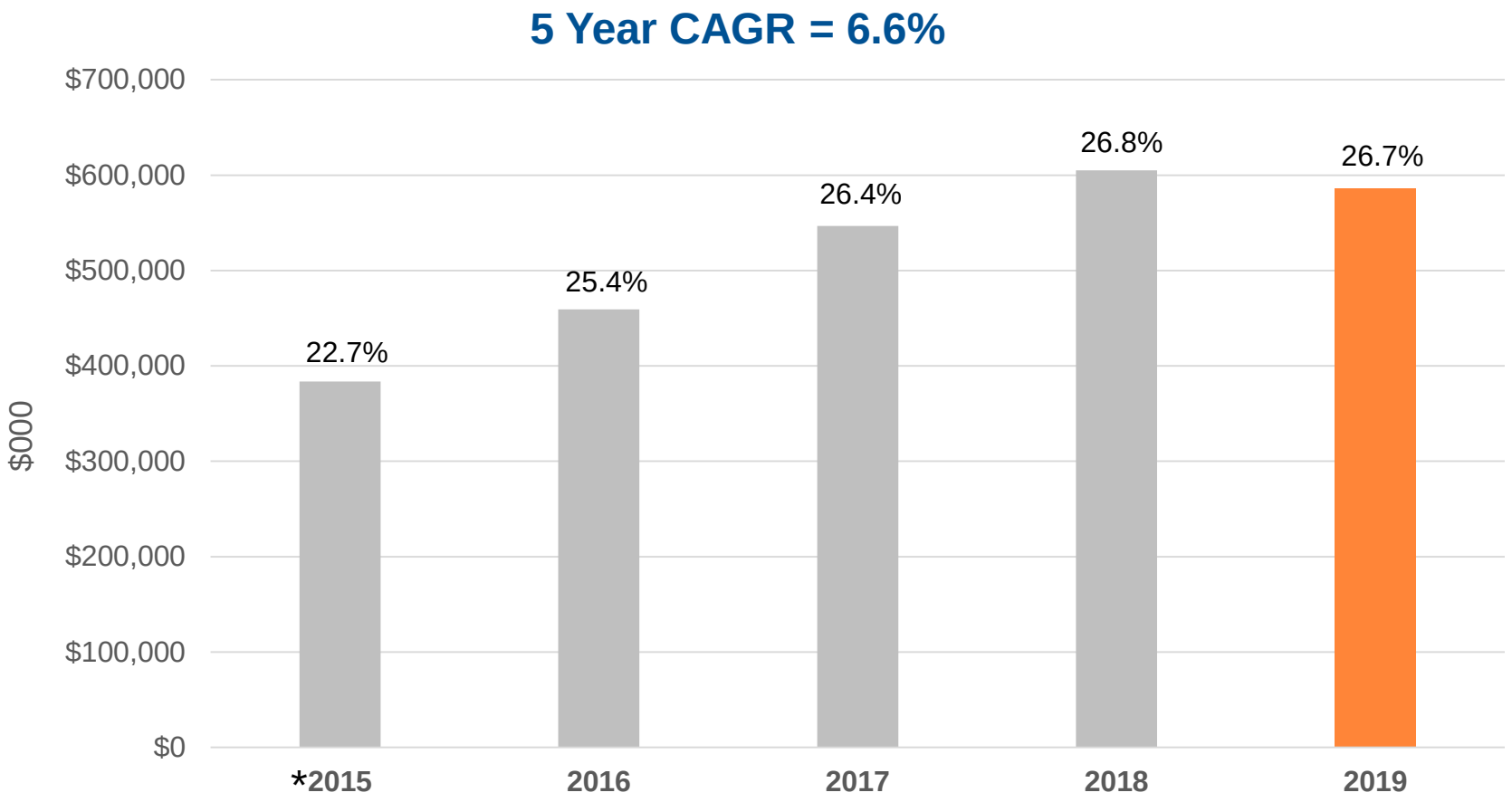
Industry Leading Gross Margins

Consistently Mid 50s



Strong EBITDA Margins

Continuous Improvement Initiatives

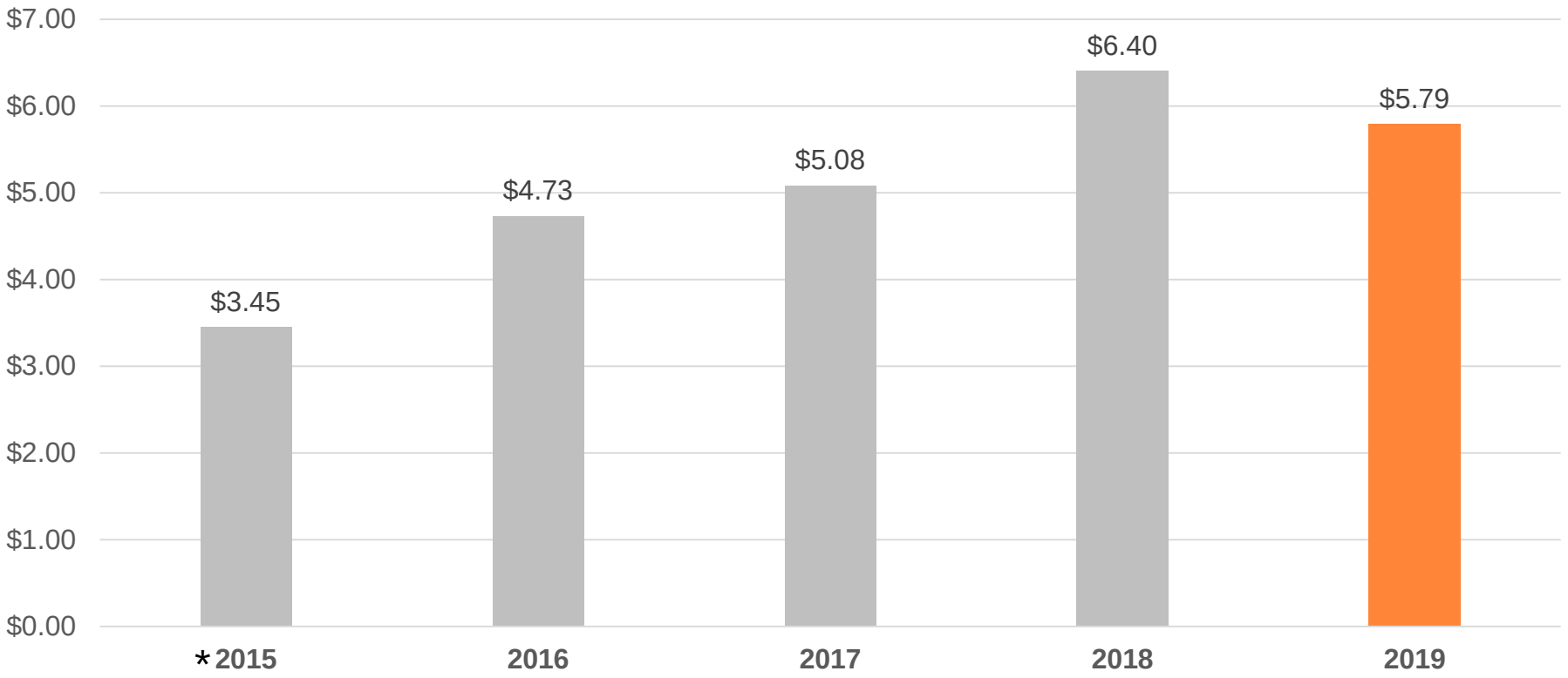


*FY15 results impacted by significant negative currency translation effects compared to the prior year.

EPS Growth

High gross margins lead to significant volume leverage

5 Year CAGR = 8.6%

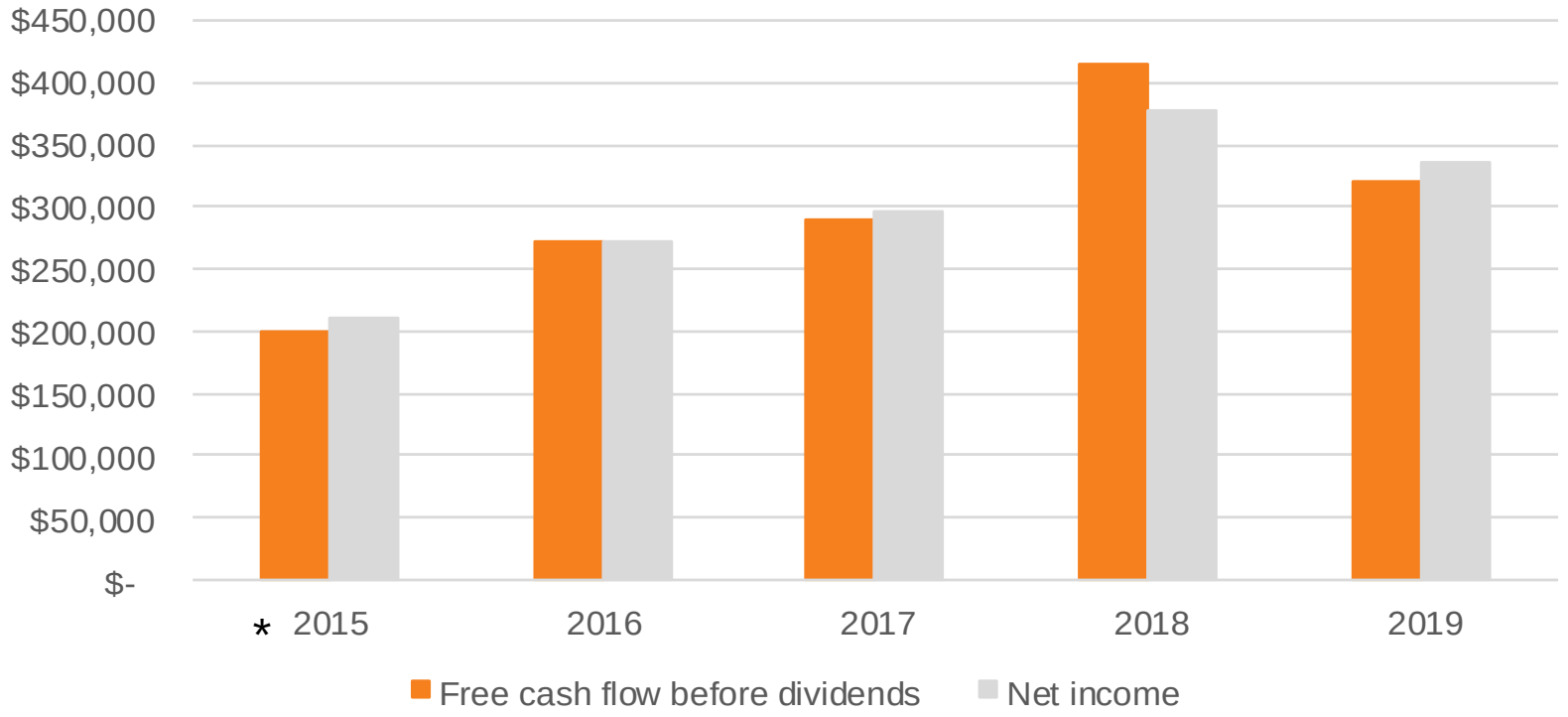


*FY15 results impacted by significant negative currency translation effects compared to the prior year.

Strong Cash Generation

Funds Growth and Returns to Shareholders

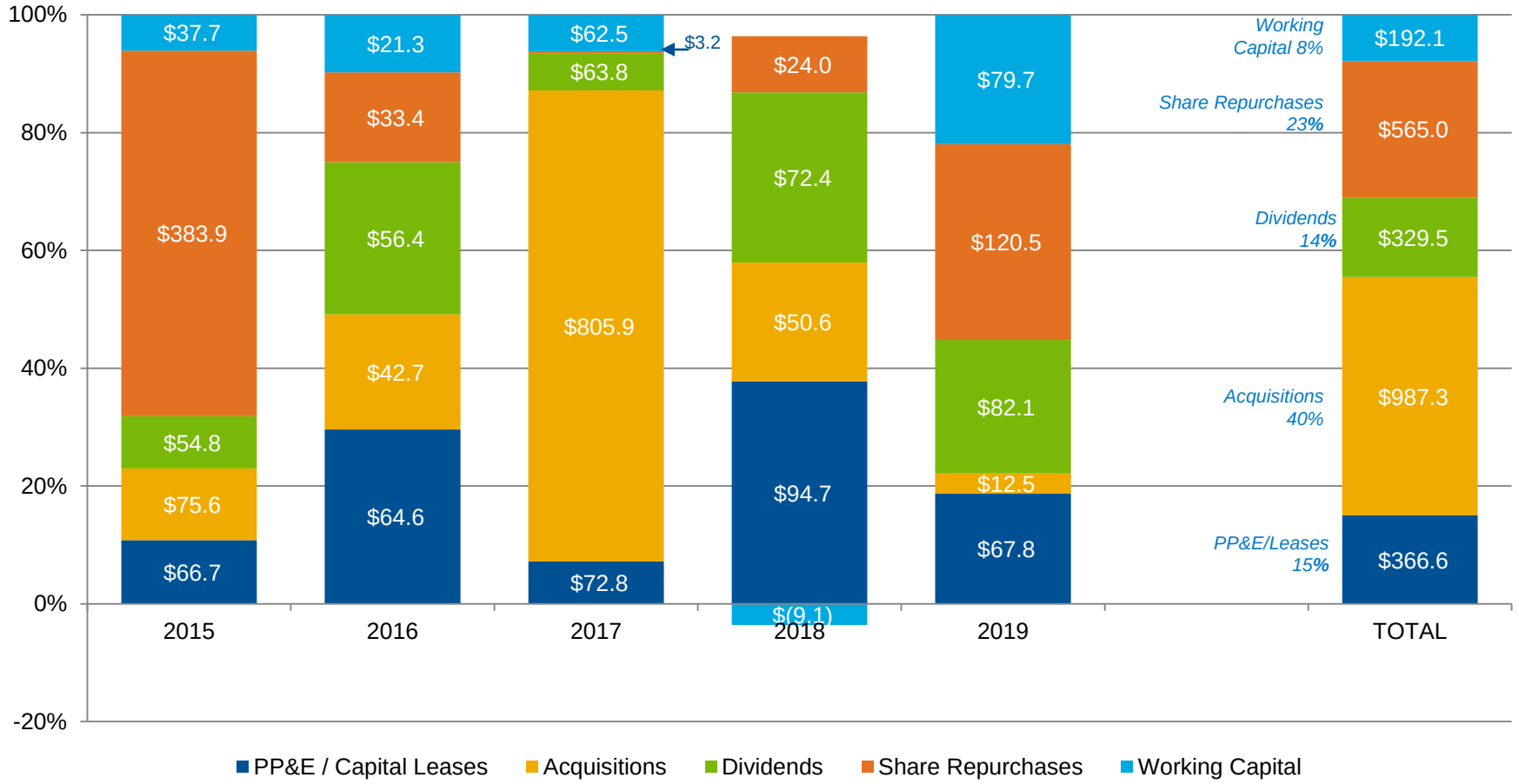
Strong Cash Conversion: 2015 – 2019
2019 Free Cash Flow Before Dividends
= 95% of Net Income



*FY15 results impacted by significant negative currency translation effects compared to the prior year.

Disciplined Capital Deployment

37% or $894.5 Million to Shareholders via Share Repurchases and Dividends



- Self funding business model generates excess cash
- Low working capital requirements
- Low capital expenditures (approx. 3% of sales)
- Strong free cash
- **56 consecutive years** of dividend increases - 14th among publicly traded companies

Investment Summary



1. Clear Strategy and Goals
2. Strong Execution and Performance
3. Leading Global Businesses
4. Numerous Growth Opportunities
5. Outstanding Culture and Values
6. Committed to Community

Appendix

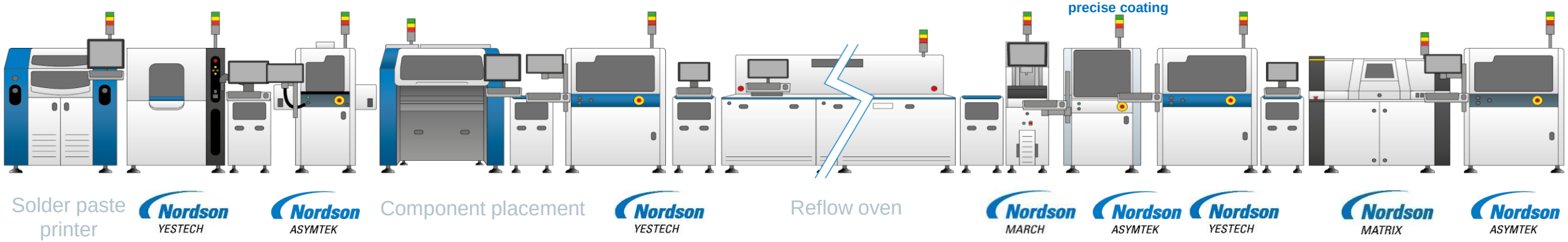
- Product Innovation
- Historic Financials
- 1QF2020 Financial Exhibits

Appendix:
Product Innovation

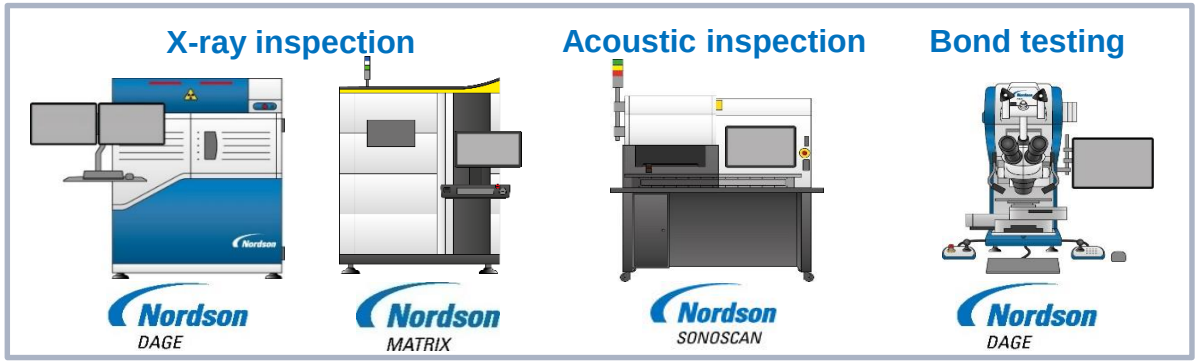
Our Electronics Industry Position

Surface Mount Manufacturing

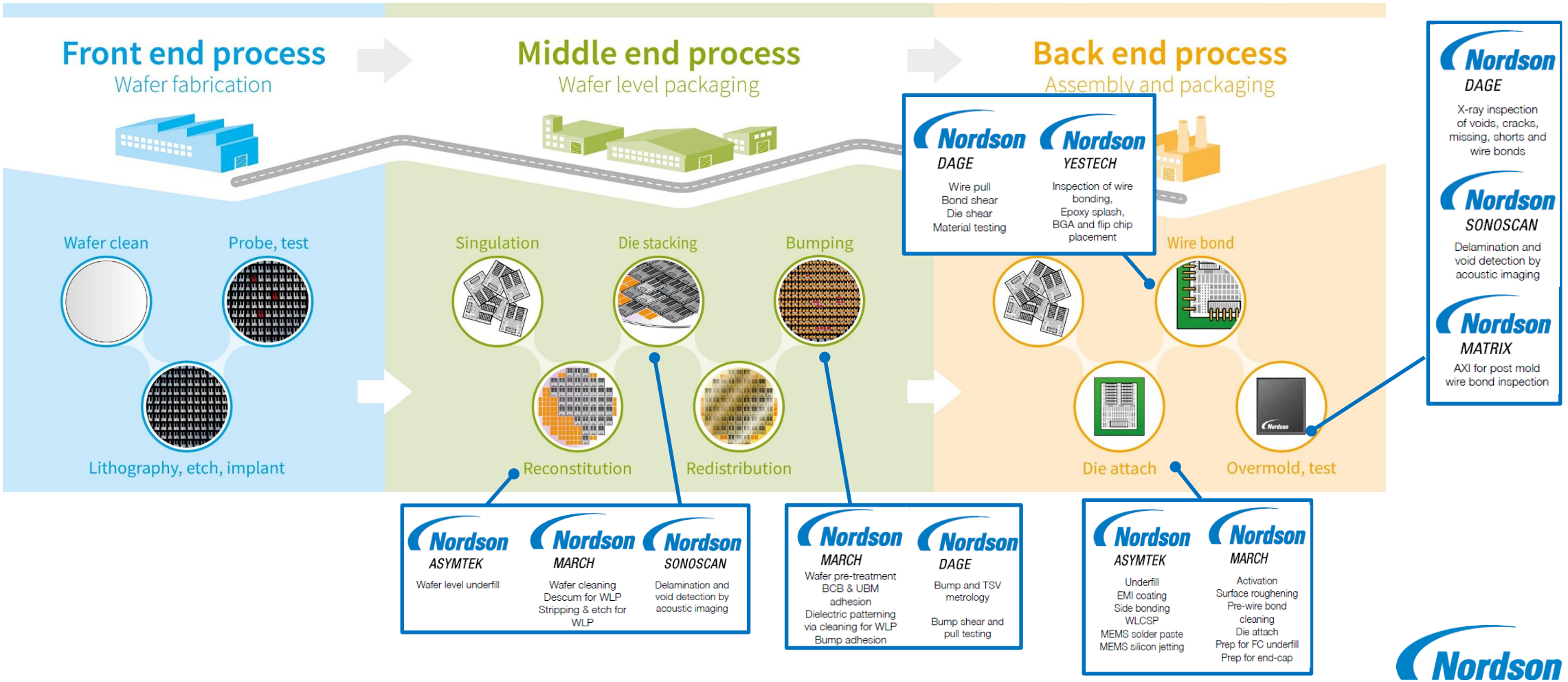
Inline Systems



QA Lab / Island of Automation



Our Role in the Semiconductor Process



Advanced Technology – Fluid Management



Precision Low-Volume Dispensing

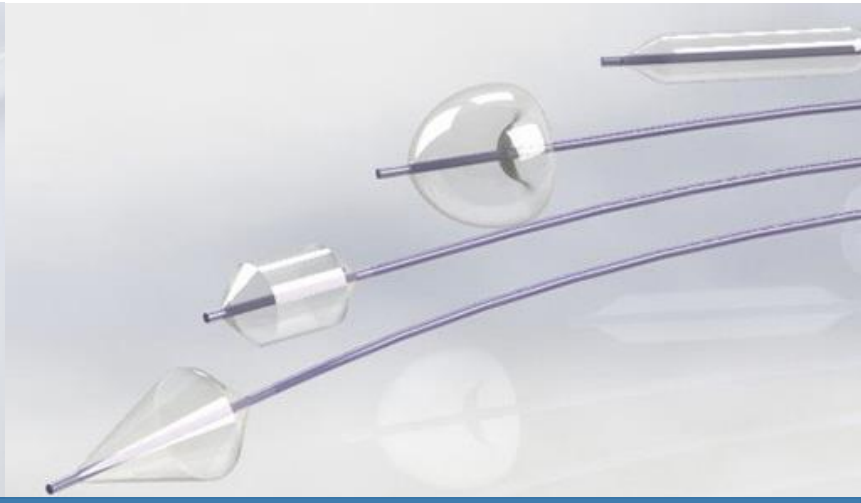
From benchtop dispensers to industry-best jetting valves and automated dispensing robots, Nordson EFD systems deliver accurate, repeatable deposits of glues, greases, and other industrial fluids in precise, low-volume applications.



Optimum® Syringe Barrels and Tips

Optimum® components are designed as a complete system to help companies improve yields and reduce costs.

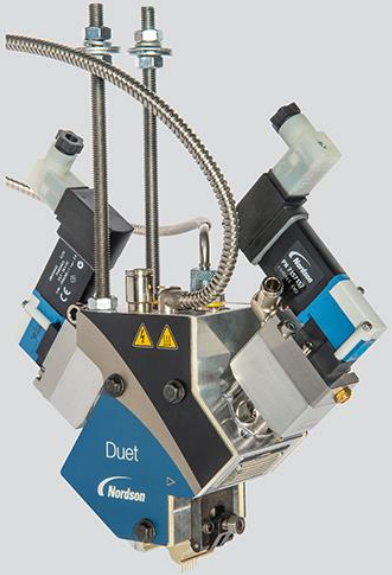
Dispense tips deliver a clean, smooth flow path, free of flash and burrs. In 200+ sizes and styles, tips are lot-tracked for process control and traceability.



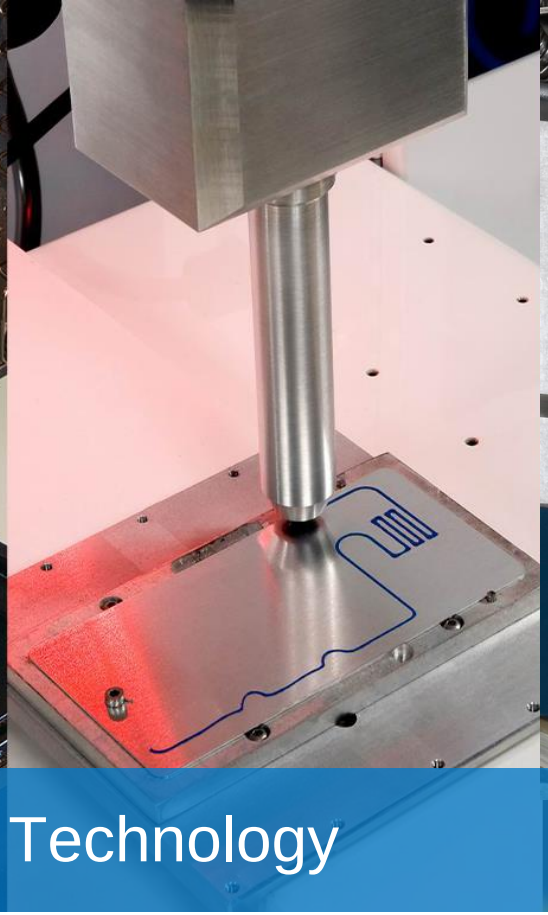
Life Sciences
Fluid Management Components

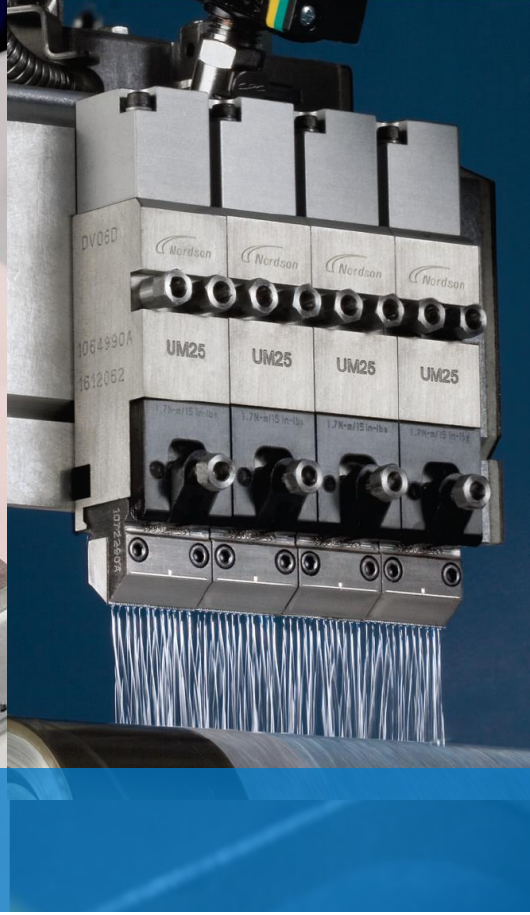
From specialty tubing, catheters, medical balloons, quick-connect couplings and couplers, Nordson is an expert in the design, development and manufacture of complex medical devices and component technologies.











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

Industrial Coating Systems



Nordson

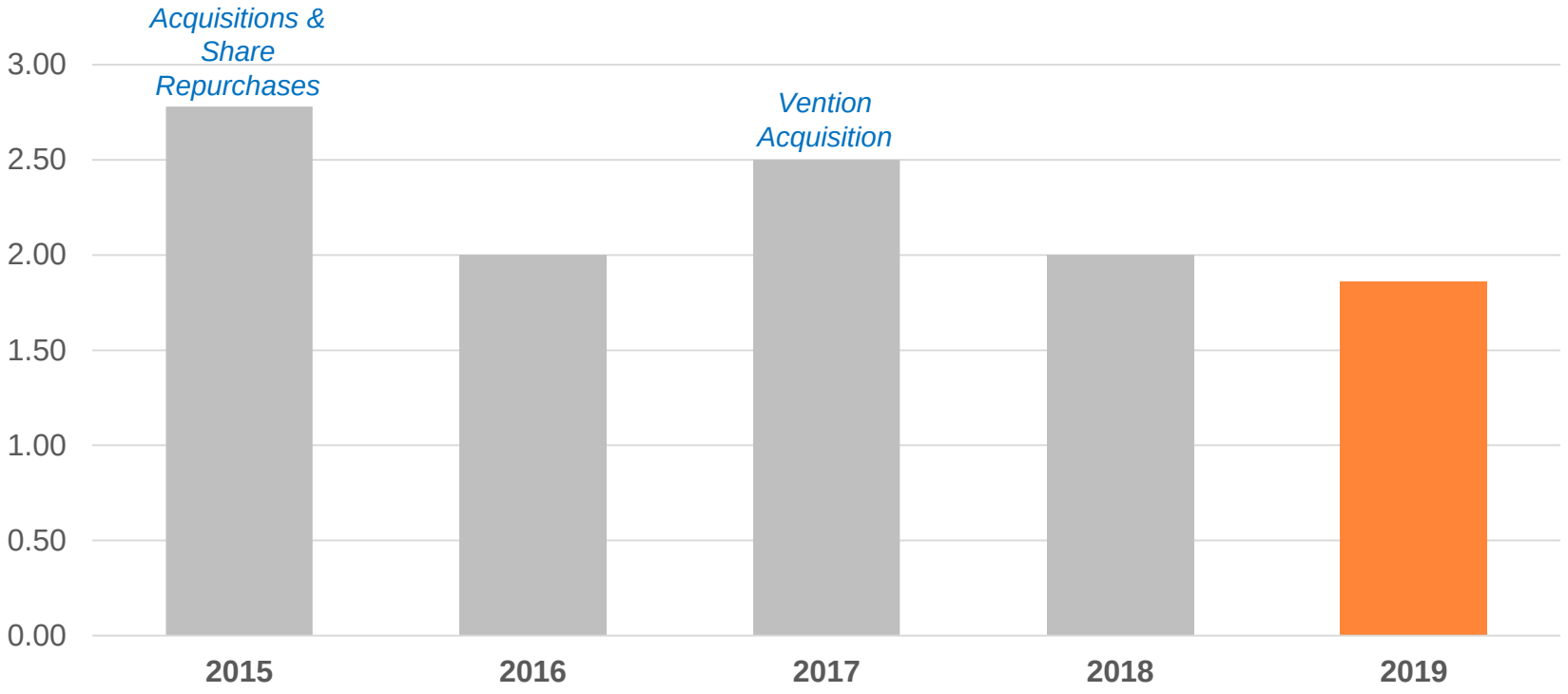
Appendix:
Historic Financials

Strong Capital Management

Net Debt to EBITDA*

Strong cash generation lets Nordson de-lever quickly

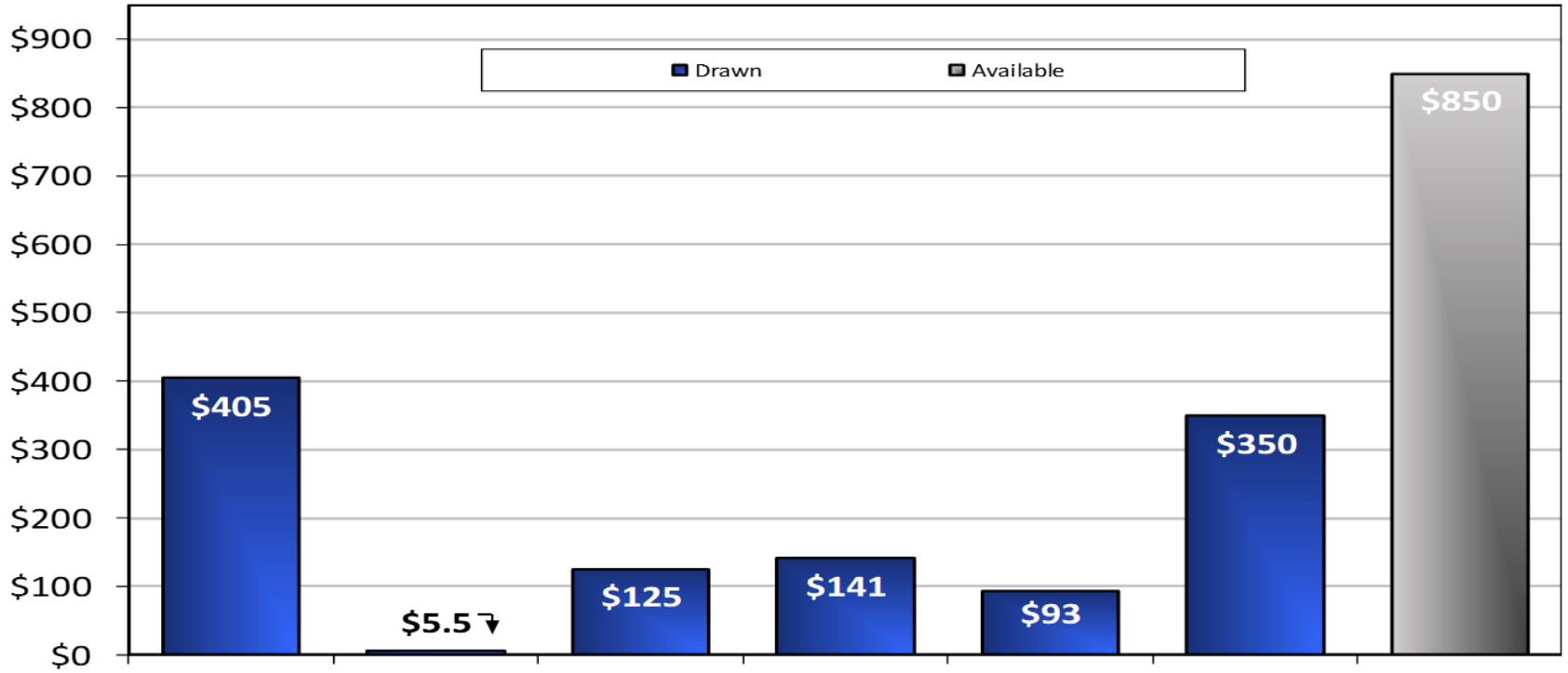
At 1/31/2020 Net Debt to TTM EBITDA = 1.7 times



At fiscal years ending 10/31
** Net Debt to EBITDA calculated net of cash*

Strong Capital Management

Debt Position (as of 1/31/2020)



- $200M –at 60.0 bps, maturity 9/30/22
- $205M –at 70.0 bps, maturity 3/31/24

- Amortizing avg rate: 2.21%
- Remaining avg. life: 0.59 yrs

- Maturity 10/15/21 at 87.5 bps over EUR Libor
- EUR denominated

- Amortizing avg rate: 3.05%
- Remaining avg. life: 2.51 yrs

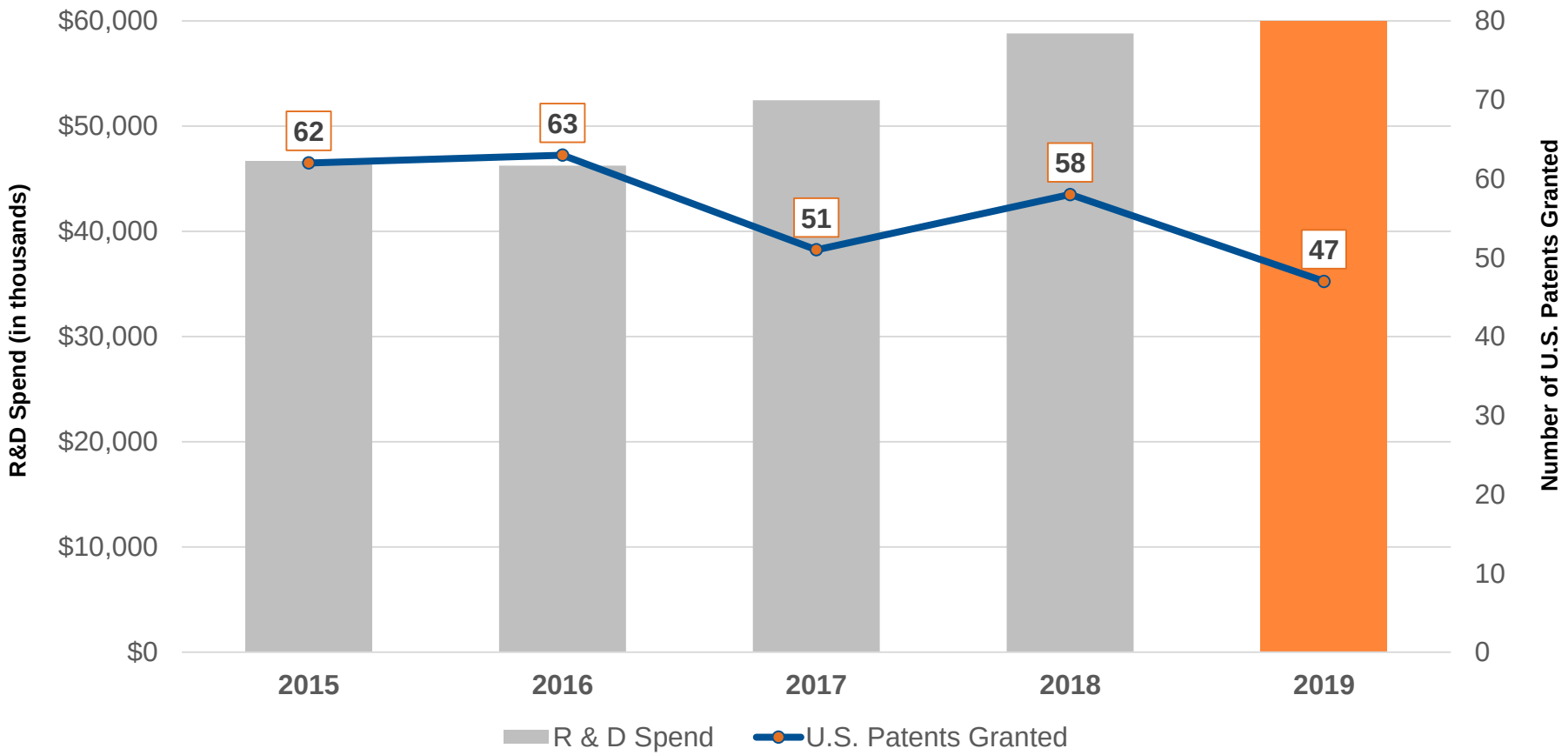
- Amortizing avg. rate: 3.05%
- Remaining avg. life: 4.34 yrs

- Amortizing avg. rate: 3.90%
- Remaining avg. life: 5.79 yrs

- Ends April, 2024
- 78.5 bps over USD Libor at 1/31/20

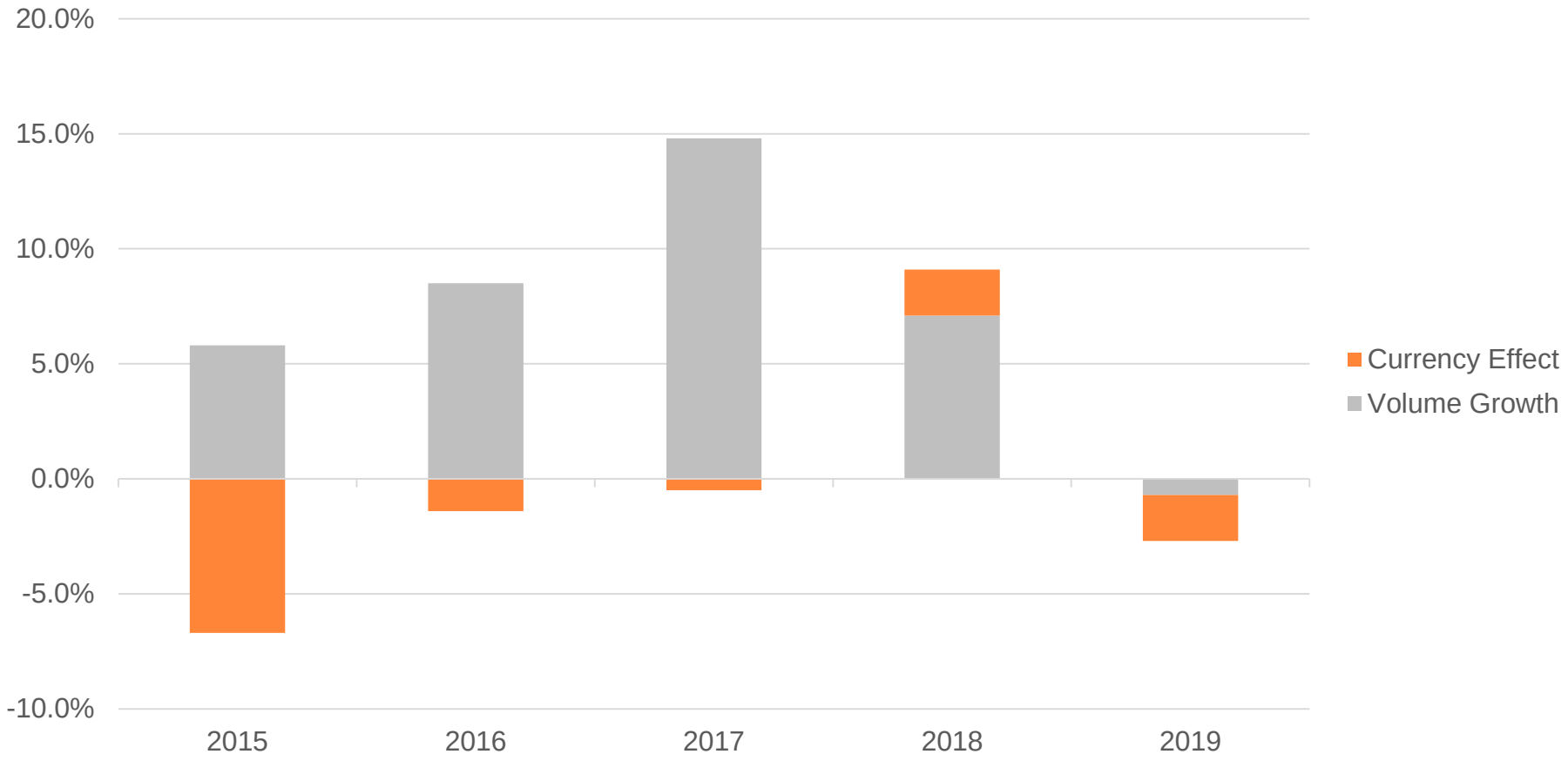
Innovation Drives Organic Growth

Steady Stream of New Products



Currency Impact

Annual Sales Growth and EPS



FX Impact to EPS:	($0.54)	($0.19)	($0.03)	$0.24	($0.30)

Appendix:
Financial Exhibits

Nordson Corporation

2015 – 2019 Sales Growth

Nordson Corporation

	Organic	Acquisitive	Currency	Total
FY2015	3.4%	2.4%	-6.7%	-0.9%
FY2016	6.5%	2.0%	-1.4%	7.1%
FY2017	7.9%	6.9%	-0.5%	14.3%
FY2018	2.5%	4.6%	2.0%	9.1%
FY2019	-1.1%	0.4%	-2.0%	-2.7%
5 yr avg	**3.8%**	**3.3%**	**-1.7%**	**5.4%**

Adhesive Dispensing Systems

	Organic	Acquisitive	Currency	Total
FY2015	2.0%	0.3%	-9.4%	-7.1%
FY2016	6.2%	0.7%	-1.7%	5.2%
FY2017	4.3%	0.0%	-0.2%	4.1%
FY2018	1.5%	0.0%	2.8%	4.3%
FY2019	2.4%	0.0%	-2.8%	-0.4%
5 yr avg	**3.3%**	**0.2%**	**-2.3%**	**1.2%**

Advanced Technology Systems

	Organic	Acquisitive	Currency	Total
FY2015	1.7%	6.9%	-2.9%	5.7%
FY2016	10.1%	4.6%	-0.8%	13.9%
FY2017	15.1%	18.3%	-0.7%	32.7%
FY2018	3.8%	10.7%	1.3%	15.8%
FY2019	-4.6%	0.9%	-1.4%	-5.1%
5 yr avg	**5.2%**	**8.3%**	**-0.9%**	**12.6%**

Industrial Coating Systems

	Organic	Acquisitive	Currency	Total
FY2015	12.5%	0.0%	-5.8%	6.7%
FY2016	-0.6%	0.0%	-1.6%	-2.2%
FY2017	0.8%	0.0%	-0.7%	0.1%
FY2018	1.1%	0.0%	1.6%	2.7%
FY2019	0.5%	0.0%	-1.5%	-1.0%
5 yr avg	**2.9%**	**0.0%**	**-1.6%**	**1.3%**

FIRST QUARTER PERIOD
Period Ended January 31, 2020
(Unaudited)

NORDSON CORPORATION
FINANCIAL HIGHLIGHTS
(Dollars in thousands except for per-share amounts)

CONSOLIDATED STATEMENT OF INCOME

	First Quarter 2020	First Quarter 2019
Sales	$ 494,916	$ 497,910
Cost of sales	231,722	228,934
Selling & administrative expenses	188,101	184,695
Operating profit	75,093	84,281
Interest expense - net	(9,152)	(12,049)
Other expense - net	(2,846)	(4,189)
Income before income taxes	63,095	68,043
Income taxes	11,091	19,476
Net Income	$ 52,004	$ 48,567
Return on sales	11%	10%
Return on average shareholders' equity	13%	14%
Average common shares outstanding (000's)	57,668	57,702
Average common shares and common share equivalents (000's)	58,524	58,372
Per share:		
Basic earnings	$ .90	$ .84
Diluted earnings	$ .89	$ .83
Dividends paid	$ .38	$ .35
Total dividends	$ 21,915	$ 20,210

CONSOLIDATED BALANCE SHEET

	January 31 2020	October 31 2019
Cash and cash equivalents	$ 115,097	$ 151,164
Receivables - net	471,626	530,765
Inventories - net	294,768	283,399
Other current assets	48,833	45,867
Total current assets	930,324	1,011,195
Property, plant & equipment - net	400,636	398,895
Other assets	2,219,907	2,106,357
	$ 3,550,867	$ 3,516,447
Notes payable and debt due within one year	$ 43,598	$ 168,738
Accounts payable and accrued liabilities	299,723	308,888
Total current liabilities	343,321	477,626
Long-term debt	1,074,314	1,075,404
Other liabilities	498,958	382,372
Total shareholders' equity	1,634,274	1,581,045
	$ 3,550,867	$ 3,516,447

Other information:

Employees	7,606	7,579
Common shares outstanding (000's)	57,847	57,600

FIRST QUARTER PERIOD
Period Ended January 31, 2020
(Unaudited)

NORDSON CORPORATION
FINANCIAL HIGHLIGHTS
(Dollars in thousands)

SALES BY BUSINESS SEGMENT	First Quarter 2020	First Quarter 2019	% Growth over 2019 Volume	% Growth over 2019 Currency	% Growth over 2019 Total
Adhesive dispensing systems	$ 207,225	$ 211,517	-1.1%	-0.9%	-2.0%
Advanced technology systems	231,117	234,458	-1.1%	-0.3%	-1.4%
Industrial coating systems	56,574	51,935	9.2%	-0.3%	8.9%
Total sales by business segment	$ 494,916	$ 497,910	0.0%	-0.6%	-0.6%

OPERATING PROFIT BY BUSINESS SEGMENT	First Quarter 2020	First Quarter 2019
Adhesive dispensing systems	$ 48,618	$ 47,892
Advanced technology systems	32,287	40,785
Industrial coating systems	7,786	7,516
Corporate	(13,598)	(11,912)
Total operating profit by business segment	$ 75,093	$ 84,281

SALES BY GEOGRAPHIC REGION	First Quarter 2020	First Quarter 2019	% Growth over 2019 Volume	% Growth over 2019 Currency	% Growth over 2019 Total
United States	$ 188,500	$ 170,350	10.7%	-	10.7%
Americas	31,083	32,437	-3.9%	-0.3%	-4.2%
Europe	126,391	132,675	-2.8%	-1.9%	-4.7%
Japan	27,552	29,047	-6.5%	1.4%	-5.1%
Asia Pacific	121,390	133,401	-8.5%	-0.5%	-9.0%
Total Sales by Geographic Region	$ 494,916	$ 497,910	0.0%	-0.6%	-0.6%

FIRST QUARTER ENDED
Period Ended January 31, 2020
(Unaudited)

NORDSON CORPORATION
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
(Dollars in thousands except for per-share amounts)

EBITDA

	First Quarter 2020	First Quarter 2019
Net income	$ 52,004	$ 48,567
Adjustments:		
Depreciation and amortization expense	28,618	27,748
Interest expense - net	9,152	12,049
Income taxes	11,091	19,476
EBITDA	$ 100,865	$ 107,840
EBITDA per diluted share	$ 1.72	$ 1.85

EBITDA and EBITDA per diluted share are non-GAAP financial measures used by management to evaluate the Company's ongoing operations. Therefore, the Company believes these financial measures provide useful information to investors. EBITDA is defined as earnings before interest, taxes, depreciation and amortization EBITDA per diluted share is defined as EBITDA divided by the Company's diluted weighted average shares outstanding.

	First Quarter 2020	First Quarter 2019
Diluted EPS as reported (U.S. GAAP)	$ 0.89	$ 0.83
Severance and restructuring	0.04	0.02
U.S. Tax Reform discrete item	-	0.08
Other discrete tax items	(0.04)	(0.02)
Diluted EPS as adjusted (Non-GAAP)	$ 0.89	$ 0.92

Adjusted EPS is not a measurement of financial performance under GAAP, and should not be considered as an alternative to EPS determined in accordance with GAAP. Management believes that EPS as adjusted to exclude the items in the table above assist in understanding the results of Nordson Corporation. Amounts may not add due to rounding.

Free Cash Flow Before Dividends	First Quarter	
	2020	2019
Net income	$ 52,004	$ 48,567
Depreciation and amortization	28,618	27,748
Other non-cash charges	7,167	6,340
Changes in operating assets and liabilities	28,486	(25,808)
Net cash provided by operating activities	116,275	56,847
Additions to property, plant and equipment	(13,880)	(14,121)
Proceeds from the sale of property, plant and equipment	65	260
Free cash flow before dividends	$ 102,460	$ 42,986

Free cash flow before dividends, a non-GAAP financial measure, is defined as net cash provided by operating activities less purchased property, plant and equipment and proceeds from the sale of property, plant and equipment. It is a financial measure used by management to assess its ability to generate cash in excess of its operating needs. Therefore, the Company believes this financial measure provides useful information to investors. Free cash flow before dividends is not a measure of financial performance under GAAP and should be considered in addition to, and not as a substitute for, operating cash flows or other financial measures prepared in accordance with GAAP. Our calculations of non-GAAP measures may not

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