

Nordson

INVESTOR PRESENTATION

August 19, 2020 I NASDAQ: NDSN

Nordson's Test and Inspection division has a robust offering, including x-ray, acoustic imaging, bond testing, and automated optical inspection capabilities. Pictured here is the DAGE Assure™ high speed X-ray component counter which offers live inventory management to increase productivity and minimize component shortage downtime.

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 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 current 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 on its Form 10-Q 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.



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.



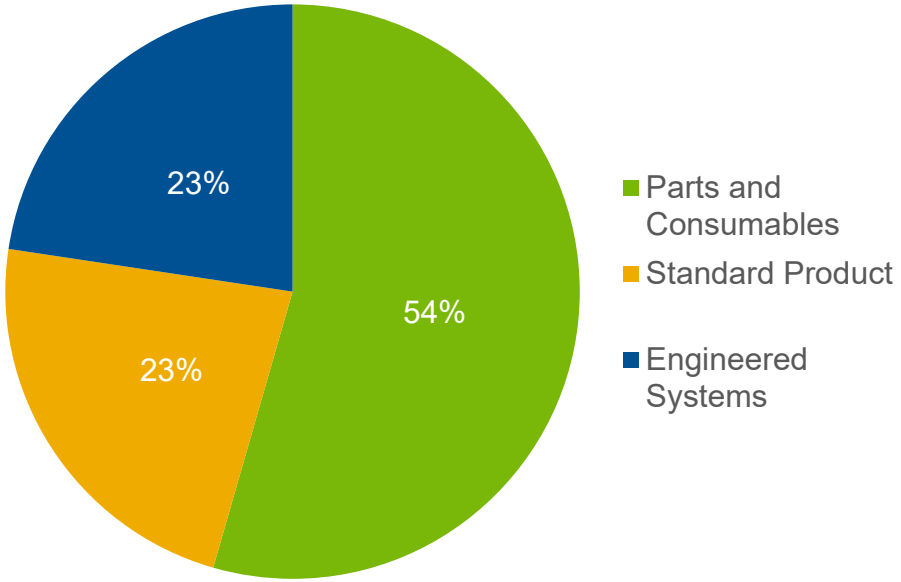
Investment Highlights

Strong Average Annual Sales Growth	Outstanding Gross Margins	Excellent EBITDA Margins	High Level of Free Cash Flow Before Dividends	Strong Cash Returns to Shareholders	Reliable and Consistent Dividend	Outstanding Long Term Total Shareholder Returns
5% Average	**55%** Gross Margins	**26%** EBITDA Margin	**$1.2B** 100% of Net Income	**$895M** Share Repurchases & Dividends	**56 yrs** of Annual Increases	**21%** TSR CAGR
2015-2019	Average 2015-2019	Average 2015-2019	2015-2019	2015-2019	24% payout ratio in 2019	2009-2019

Diversified Sources of Sales

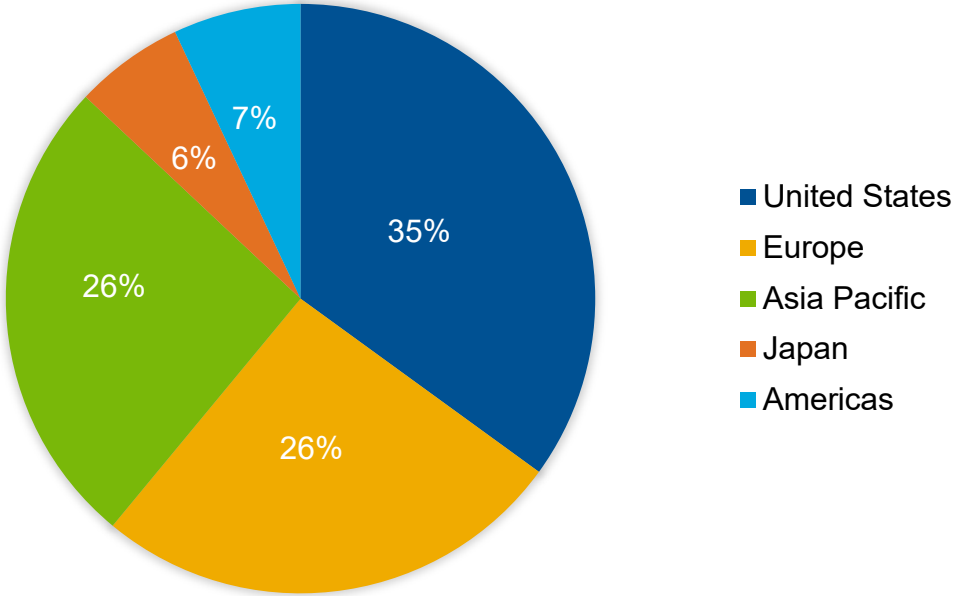
FY2019 Profile - $2.2 Billion

Product Type



High percentage of recurring sales from parts and consumables.

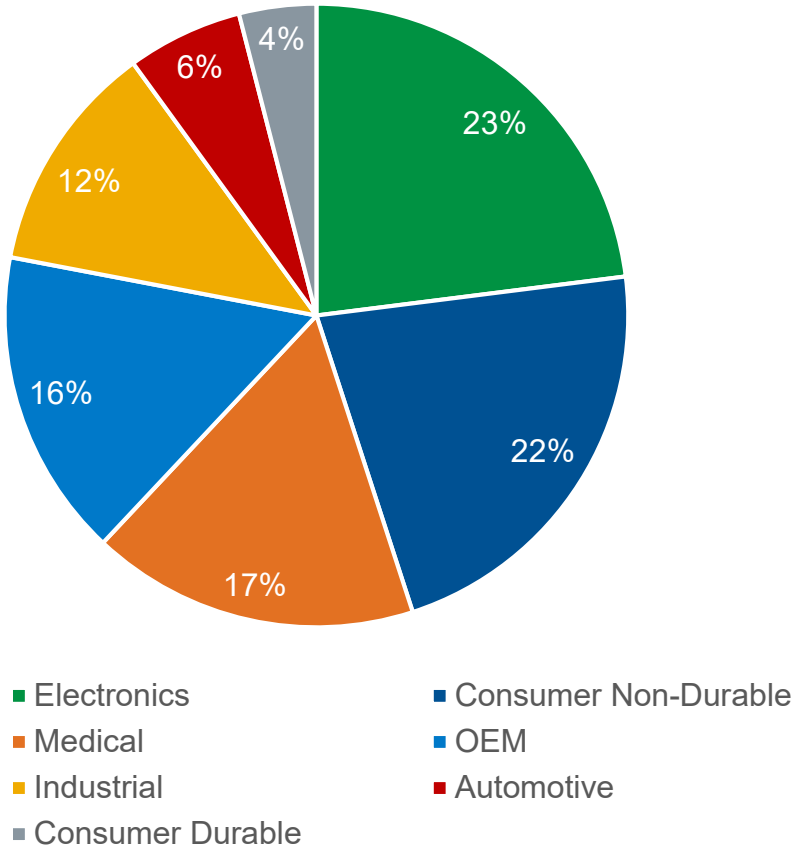
Geographies



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

Diversified End Markets

FY2019 Profile - $2.2 Billion

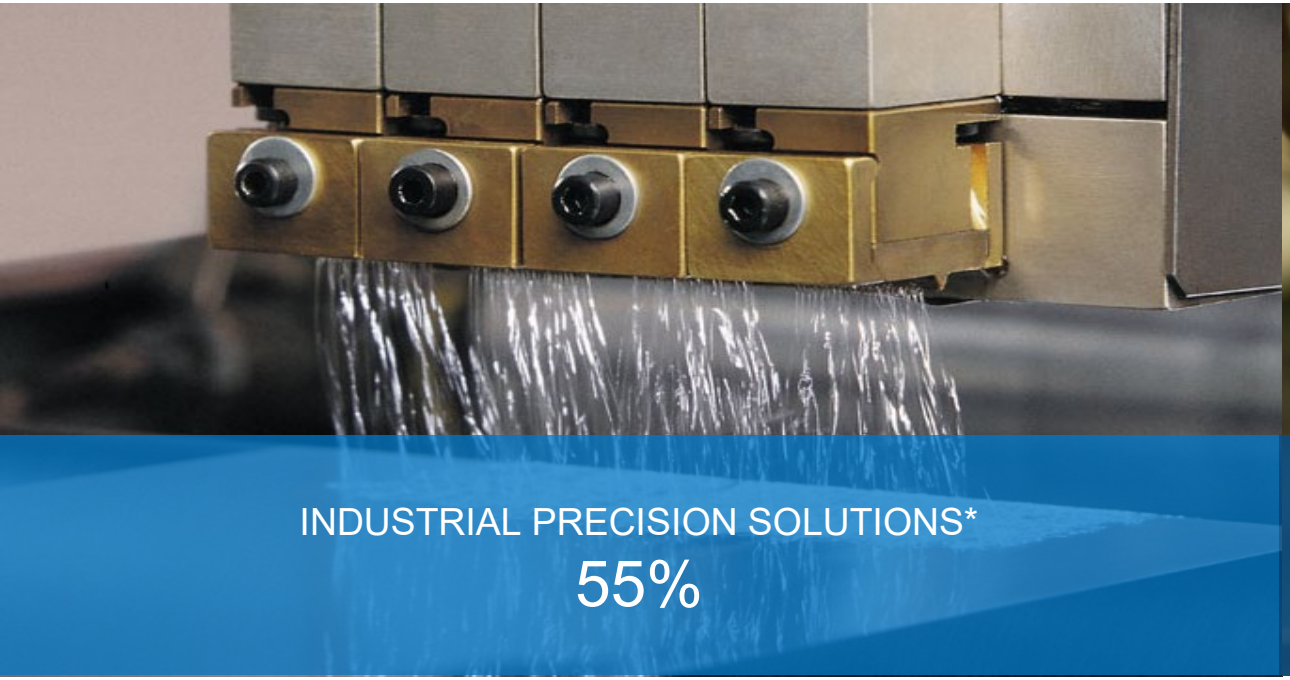


*Percentages are for directional use only; may not add to 100% due to rounding.

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

Nordson Business Segments



INDUSTRIAL PRECISION SOLUTIONS*

55%

Delivers proprietary dispensing and processing technology to diverse end markets. Product lines commonly 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.

Targeted organic growth rate:

1.5x Global GDP



ADVANCED TECHNOLOGY SOLUTIONS*

45%

Integrates proprietary product technologies found in customer production processes, such as surface treatment, precisely controlled dispensing of material and post-dispense test and inspection. Components include single-use plastic molded syringes, cartridges, tips, fluid connection components, tubing, balloons and catheters.

Targeted organic growth rate:

2-3x Global GDP

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

Industrial Precision Solutions

2015-19 Average Annual Sales Growth

Organic	Acquisitive	Currency
3.1%	0.1%	(2.1%)

2019 Annual Operating Margin

27.2%

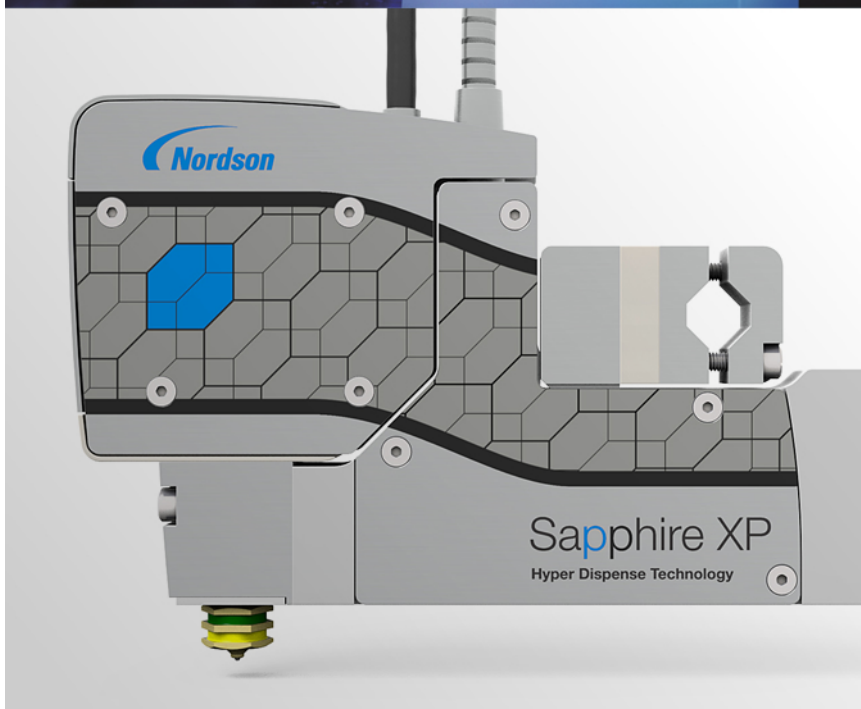
What We Do

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.

1.5X GDP Growth Driven By:

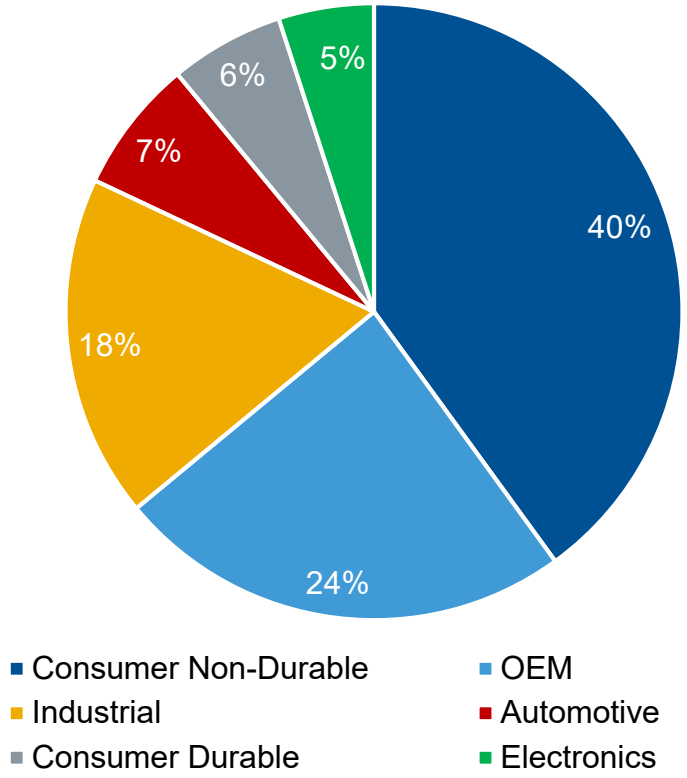
- Increased use of disposable hygiene products (diapers, feminine care, etc.) and packaged convenience foods and plastics; demand increase driven by growing middle class
- Recapitalization of large installed base
- Productivity and efficiency investments
- New applications, including electric battery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





Industrial Precision Solutions

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
- **Automotive:** applications for new vehicle platforms; upgrades of current vehicle lines
- **Consumer Durable**: appliance, furniture, lighting
- **Electronics:** electronic products (i.e. wearables), printed circuit boards, UV curing of semi-conductor wafers and other electronic components

Advanced Technology Solutions

2015-19 Average Annual Sales Growth

Organic	Acquisitive	Currency
5.2%	8.3%	(0.9%)

2019 Annual Operating Margin

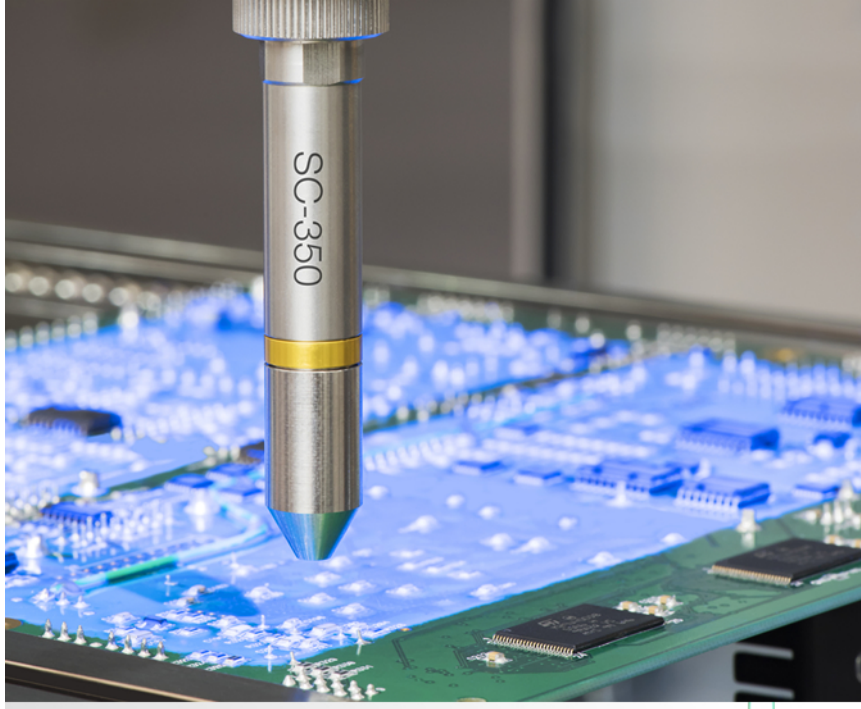
20.9%

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:

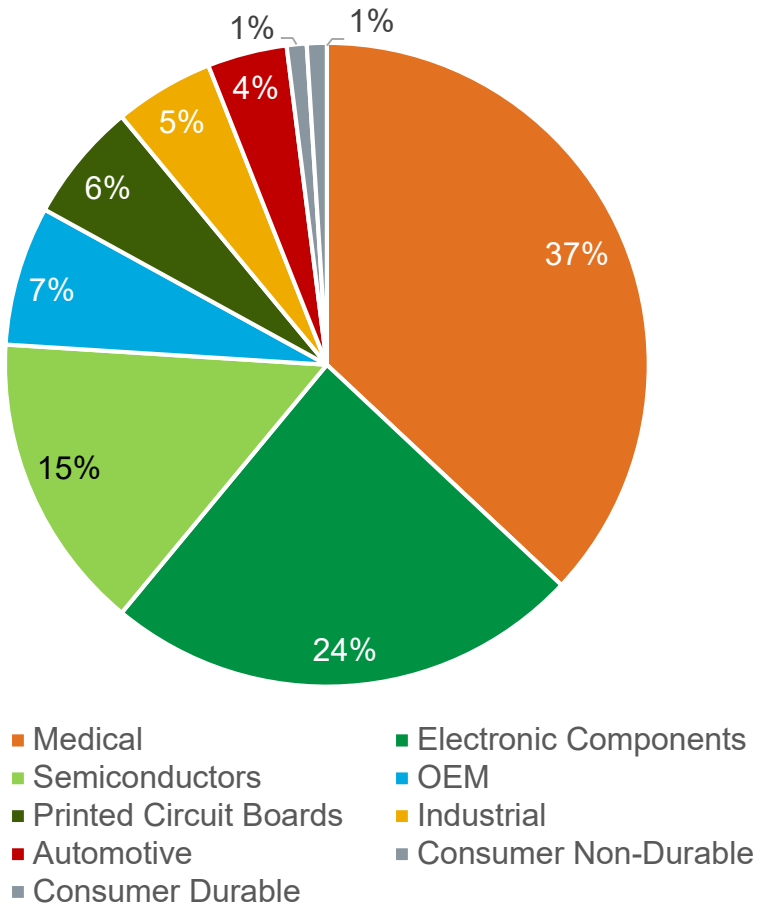
- Medical – Aging population, trends toward non-invasive surgical techniques and medical OEM outsourcing
- Broad product use across the electronics supply chain from integrated circuit to printed circuit board to end product assembly
- Circuit shrinkage / new architectures / flip chips
- New applications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





Advanced Technology Solutions

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



Strong 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

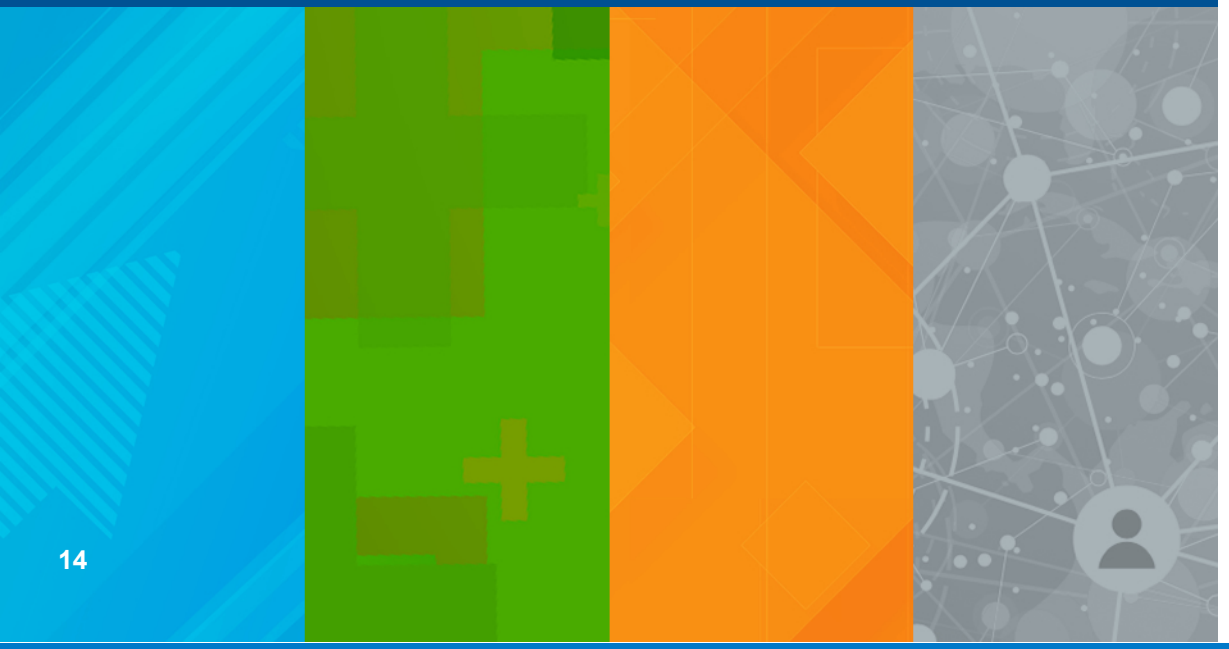
$109M+	100K+	$3M	30+
Overall Giving to Date	**Total Employee Hours Volunteered**	**Towards Nordson BUILD Scholarships**	**Global Communities We Invest In**

Nordson

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 Nordson Business System (NBS) for profitable growth

4 Build Winning Teams

Organic Growth

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

Multiple Paths to Organic Growth:

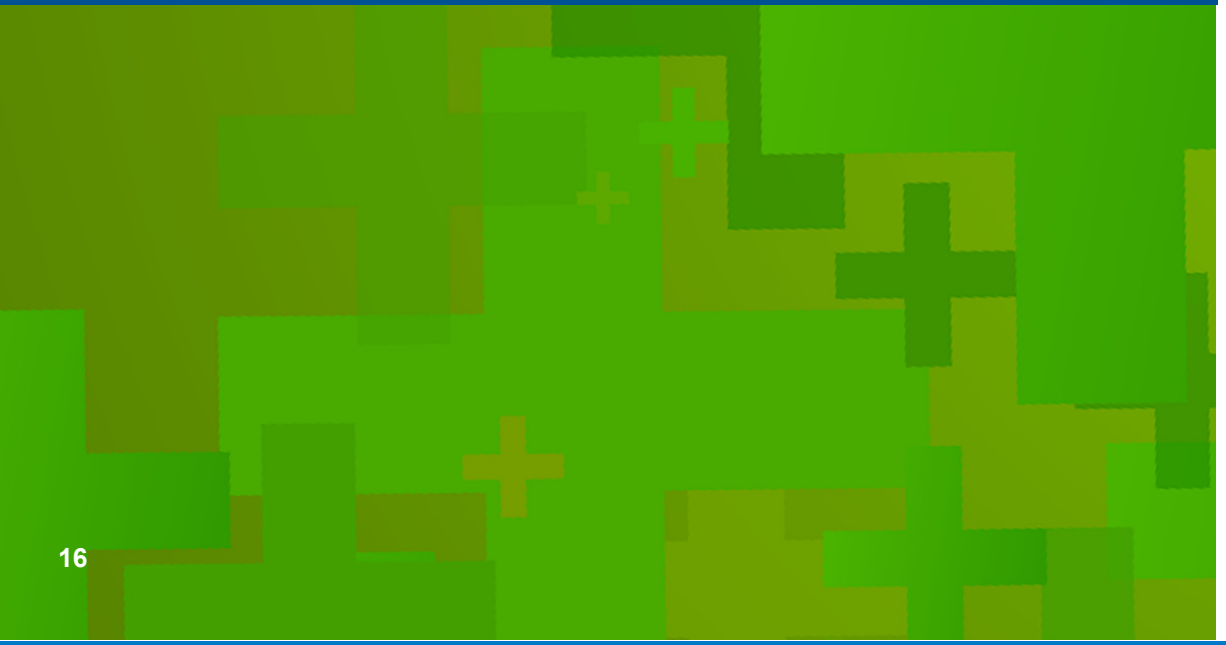
1. New Products
2. New Applications
3. Recapitalize Installed Base
4. Emerging Markets
5. Product Tiering

Reported Organic Sales Growth (2015-2019):

4% Average Annual Growth

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:

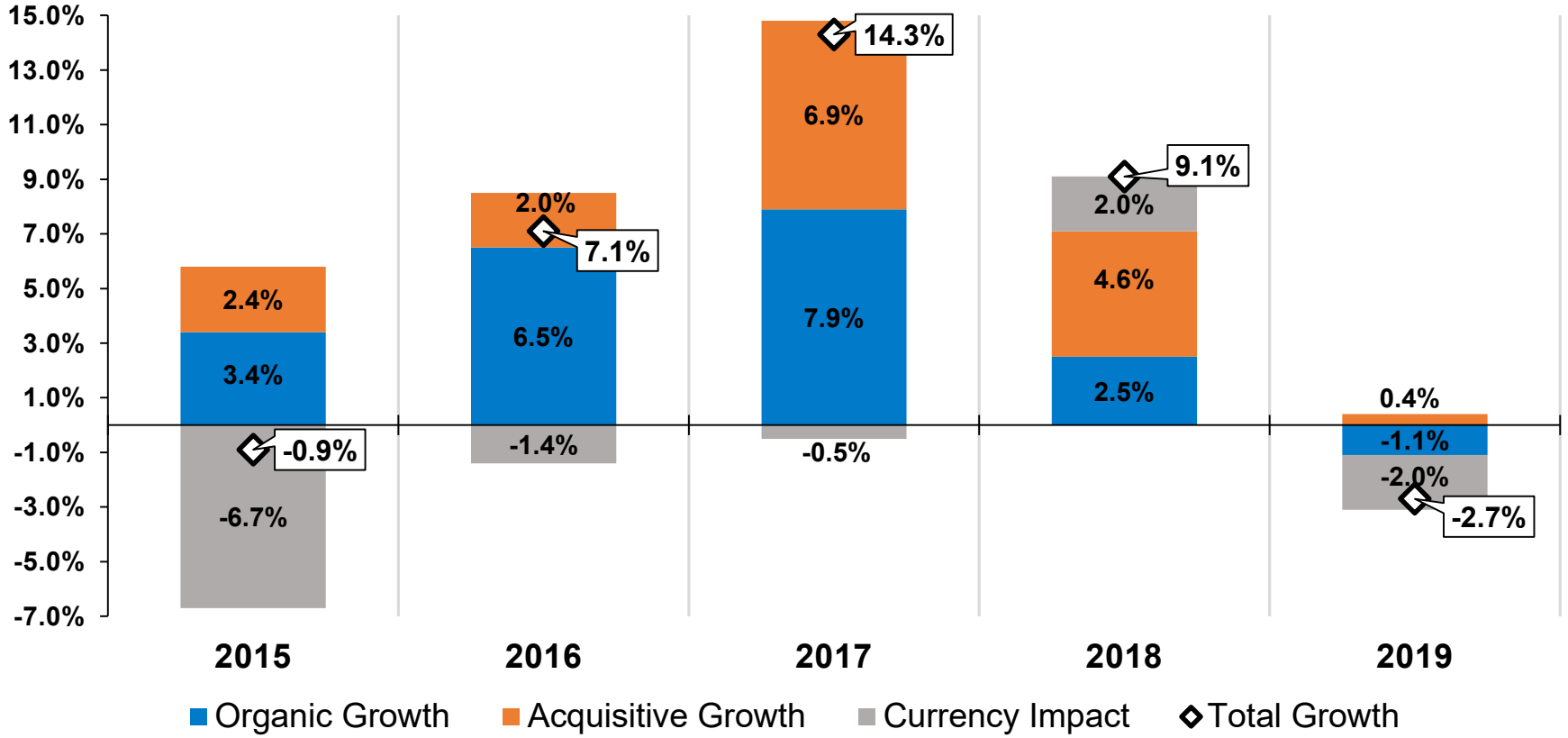
1. Strategic Fit
2. High Quality Businesses: Strong Performers & Proprietary Technology
3. Growth Rate at or Above Nordson
4. High % of Recurring Sales
5. Sales and Cost Synergies

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.



Leverage Nordson Business System

A growth framework driving the company's next chapter of profitable growth.

The NBS growth framework integrates Nordson's core strengths with new capabilities to drive sustainable, profitable growth of the company:

1. Strategic Discipline – select and invest in the most attractive growth opportunities
2. Customer Passion – sustaining Nordson's "close to the customer" model
3. Product Innovation – delivering market leading precision technology
4. Continuous Improvement – achieving best in class safety, quality, delivery and value in a consistent and repeatable way
5. Organizational Agility – developing world class talent that adapts to dynamic market conditions

Build Winning Teams

Create a deep and diverse pipeline of talent to lead Nordson's next chapter of profitable growth



As Nordson grows, we need to enhance our talent pipeline:

1. Develop talent through divisional leadership opportunities
2. Focus on inclusion and diversity
3. Empower employees to make decisions close to the customer
4. Create an engaging culture that attracts and retains top talent

Nordson

Financial Results



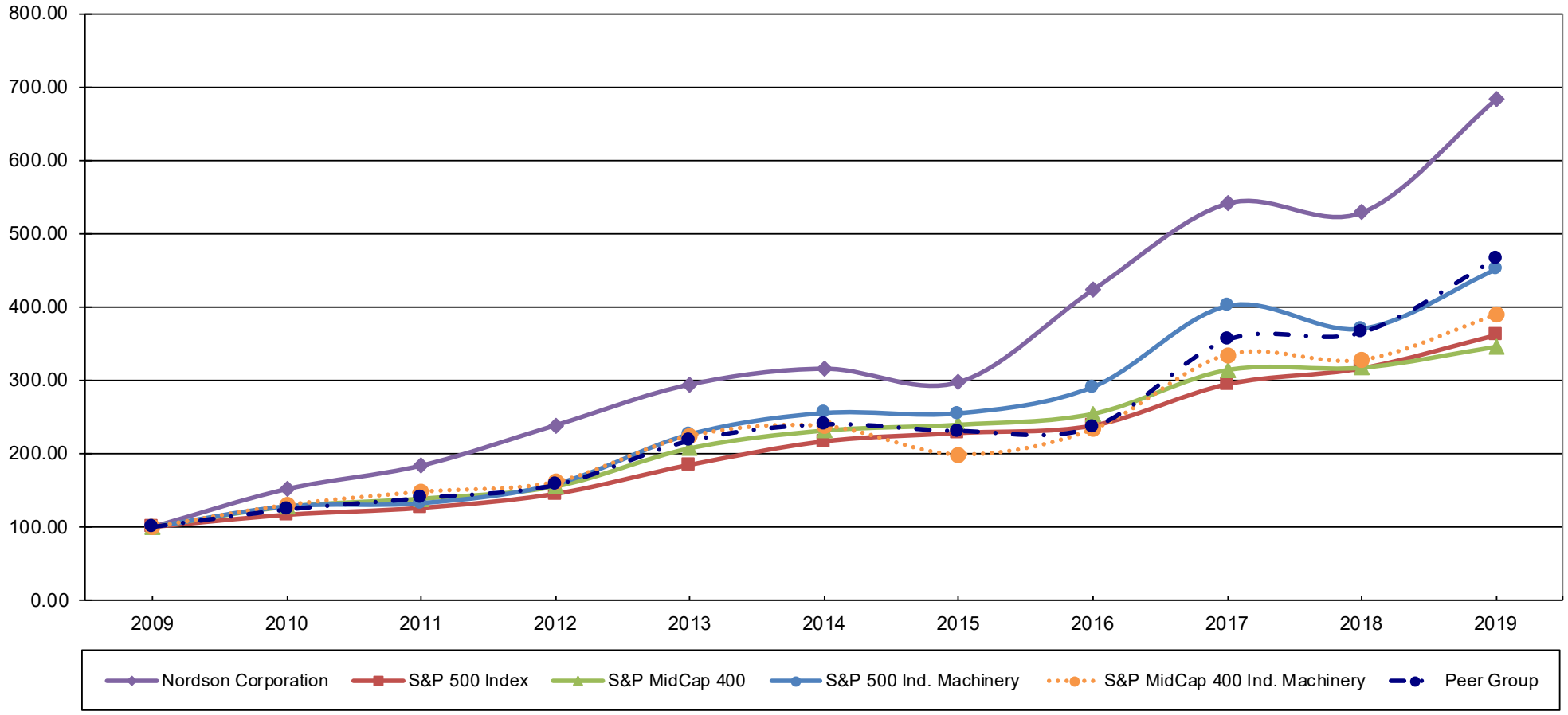
Fiscal 3Q2020 Results

$538M	$112M	$148M	$82M	$1.49
Sales	**Operating Profit** (21% of Sales)	**EBITDA** (28% of Sales)	**Free Cash Flow Before Dividends** (94% of net income) Year to date cash conversion is 119% of net income	**GAAP Diluted EPS**

Nordson

Total Shareholder Return Above Our Peers

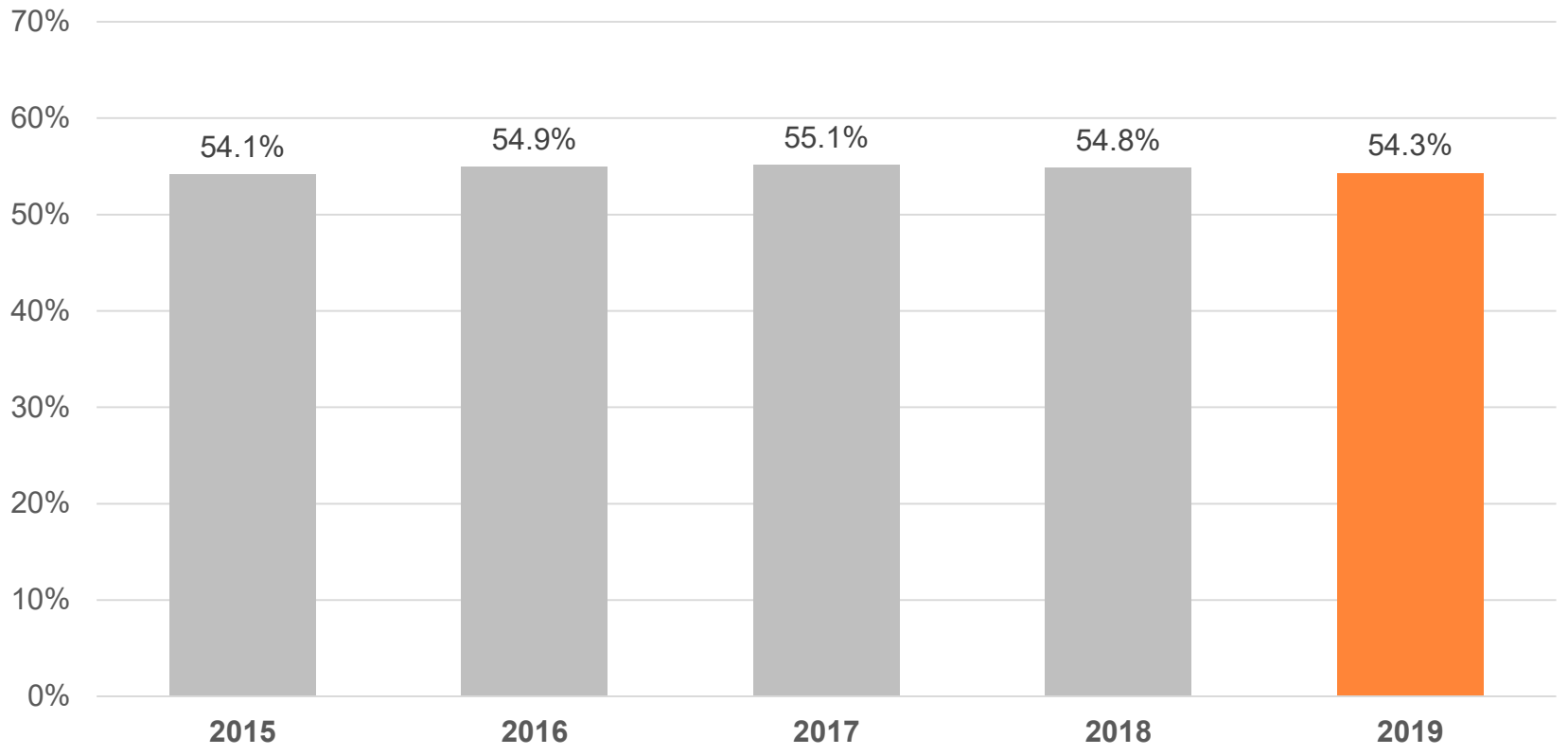
Comparison of 10 Year Cumulative Total Return



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

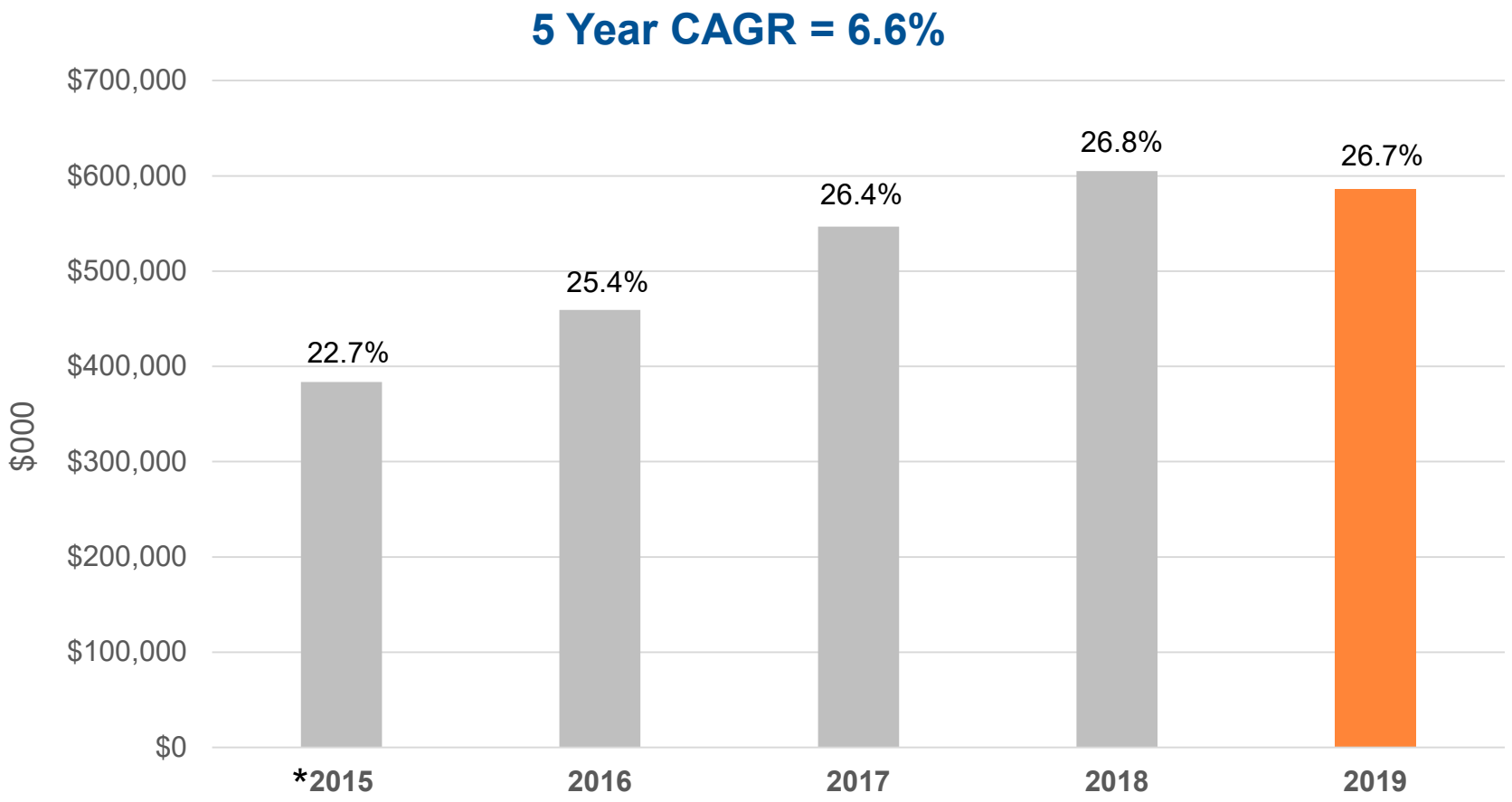
Industry Leading Gross Margins

Consistently Mid 50s



Strong EBITDA Margins

Continuous Improvement Initiatives

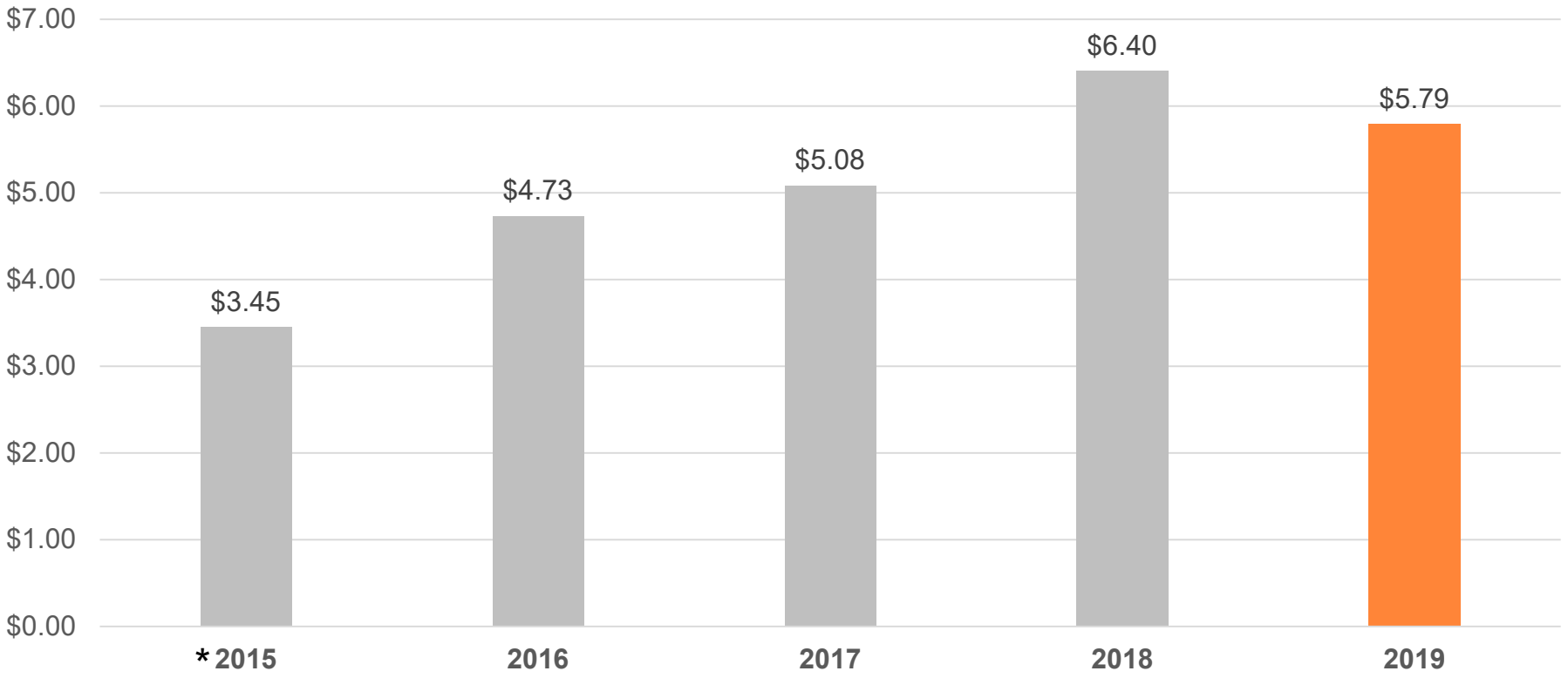


*FY15 results impacted by significant negative currency translation effects compared to the prior year.

EPS Growth

High gross margins lead to significant volume leverage

5 Year CAGR = 8.6%

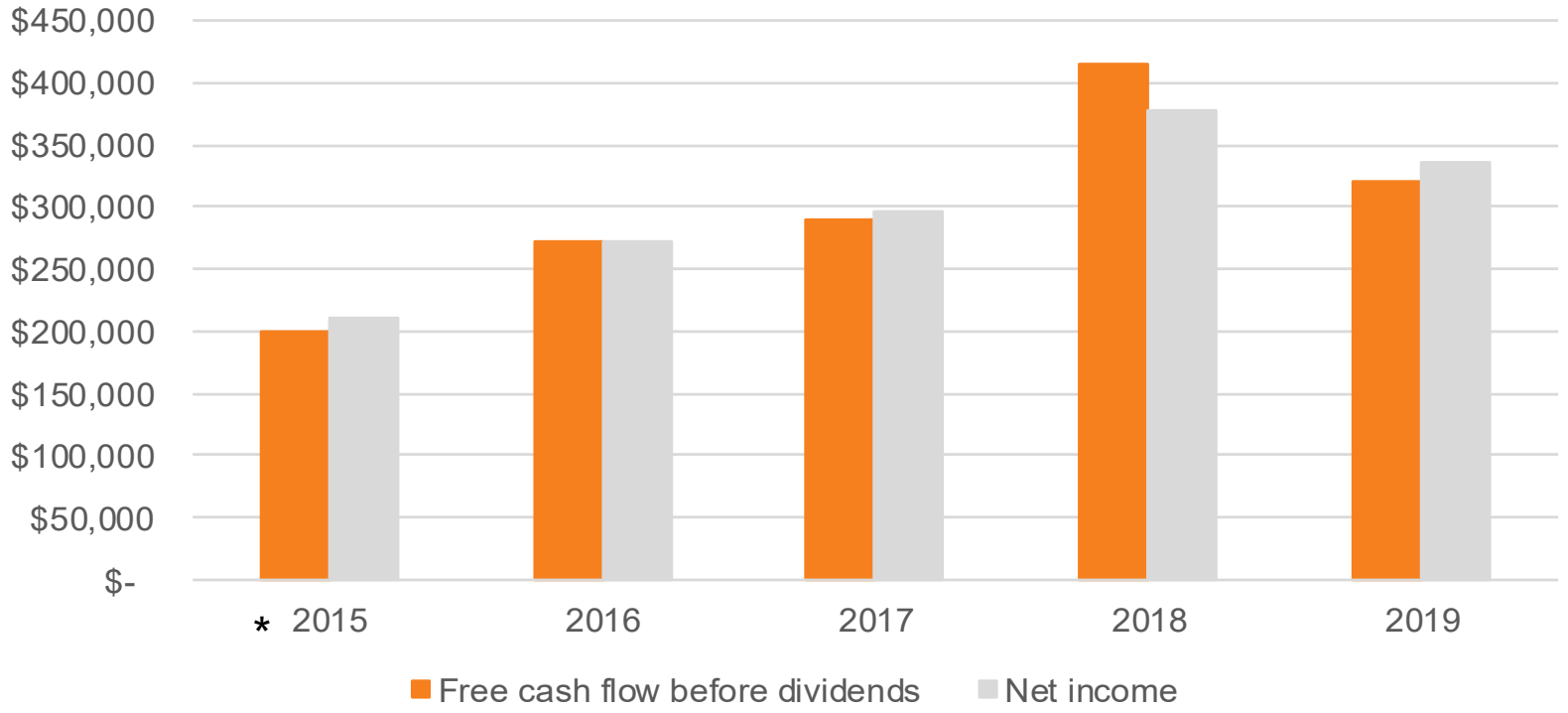


*FY15 results impacted by significant negative currency translation effects compared to the prior year.

Strong Cash Generation

Funds Growth and Returns to Shareholders

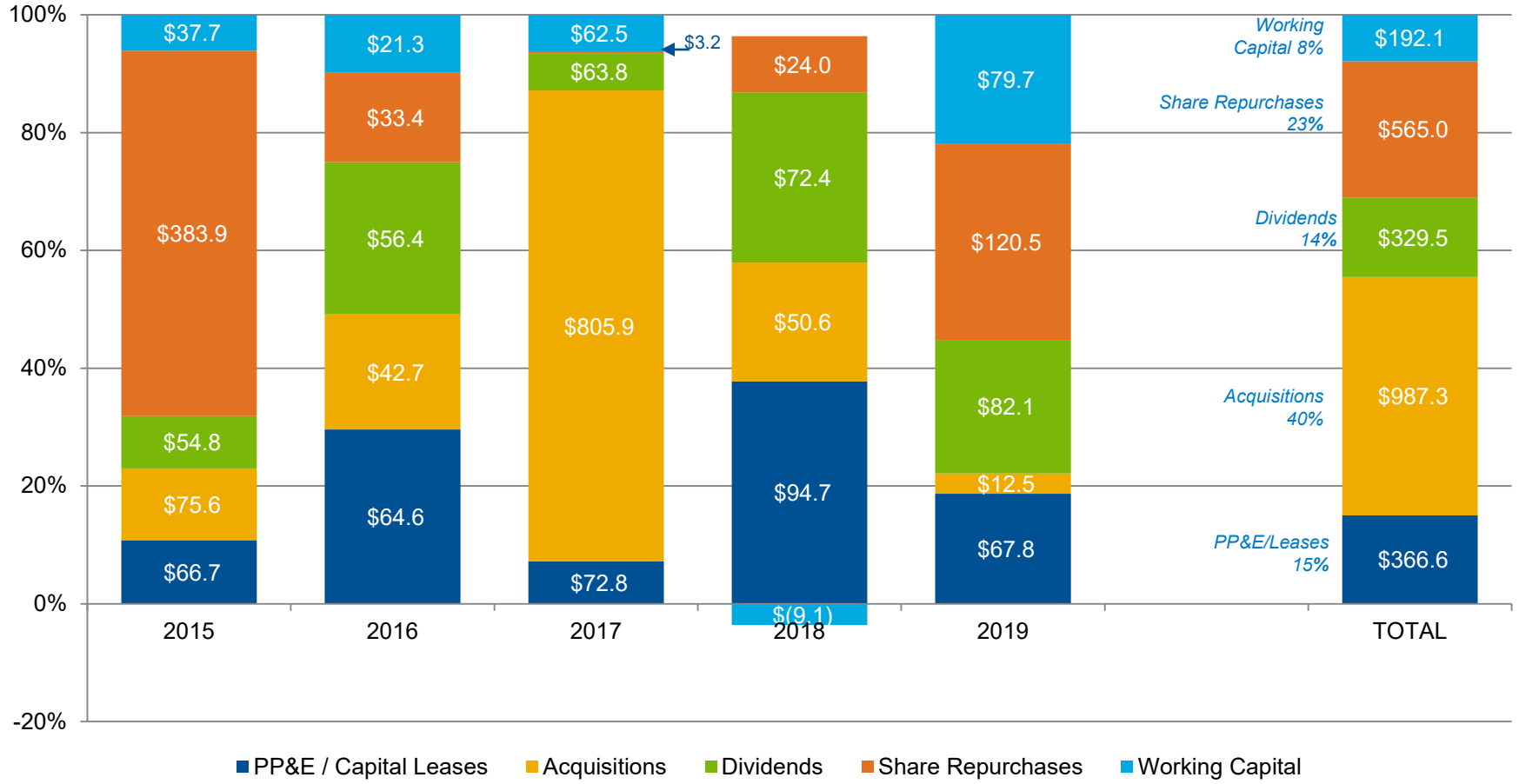
Strong Cash Conversion: 2015 – 2019
2019 Free Cash Flow Before Dividends
= 95% of Net Income



*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

Nordson

Appendix

- Product Innovation
- Historic Financials
- 3QF2020 Financial Exhibits

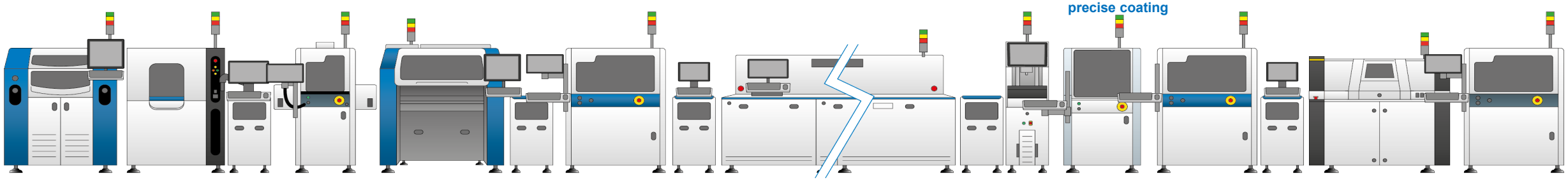
Appendix:

Product Innovation

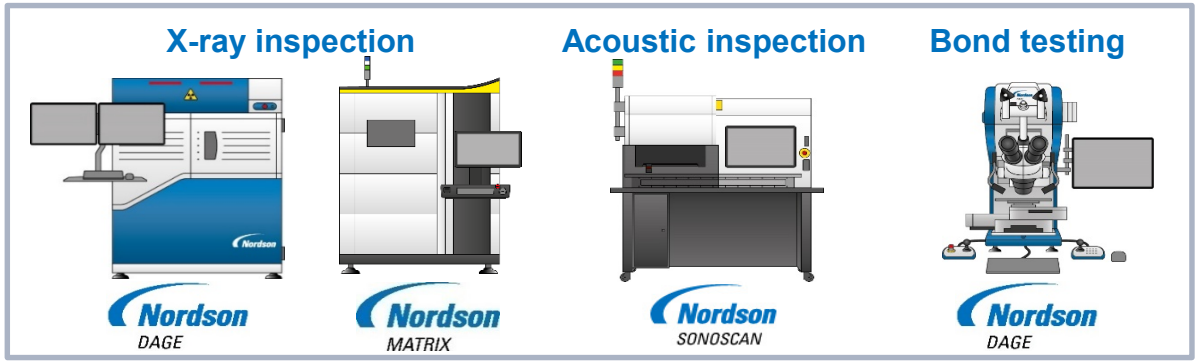
Our Electronics Industry Position

Surface Mount Manufacturing

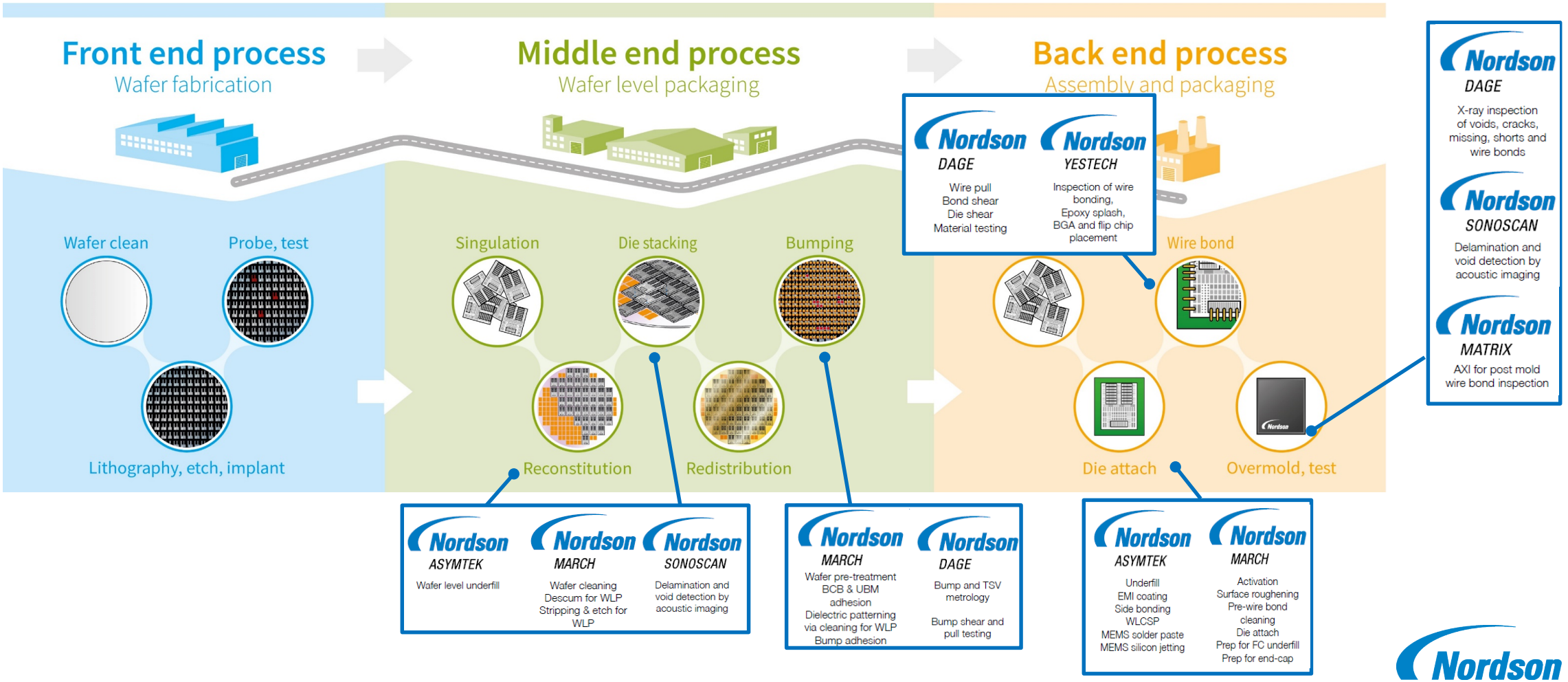
Inline Systems



QA Lab / Island of Automation



Our Role in the Semiconductor Process



Advanced Technology – Fluid Management



Precision Low-Volume Dispensing

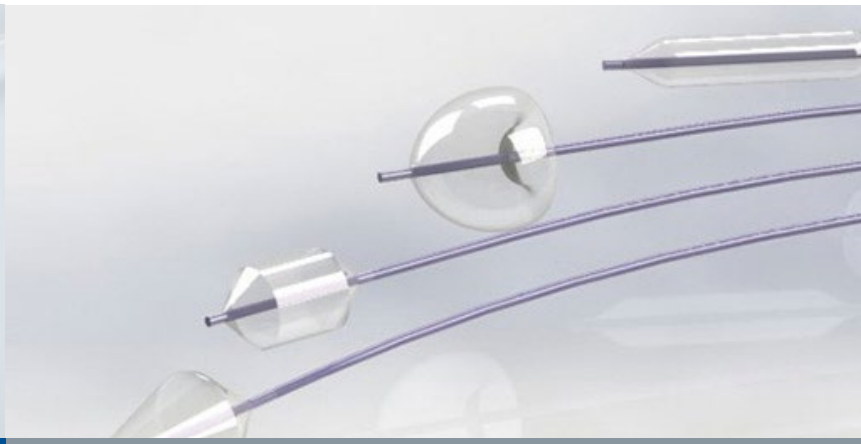
From benchtop dispensers to industry-best jetting valves and automated dispensing robots, Nordson EFD systems deliver accurate, repeatable deposits of glues, greases, and other industrial fluids in precise, low-volume applications.



Optimum® Syringe Barrels and Tips

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

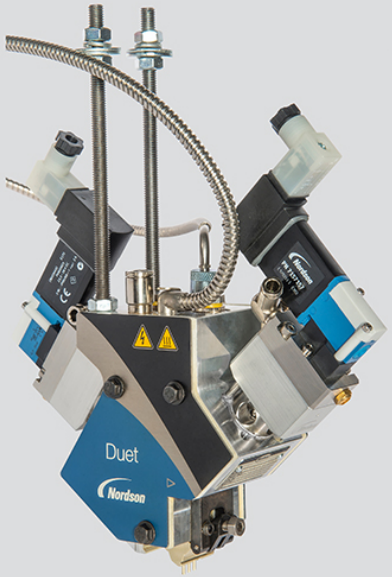
Dispense tips deliver a clean, smooth flow path, free of flash and burrs. In 200+ sizes and styles, tips are lot-tracked for process control and traceability.

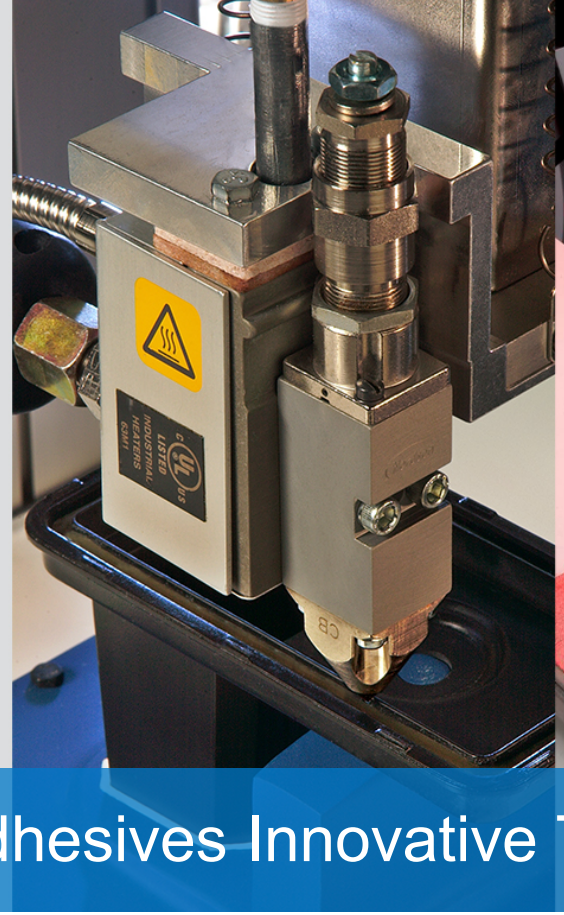


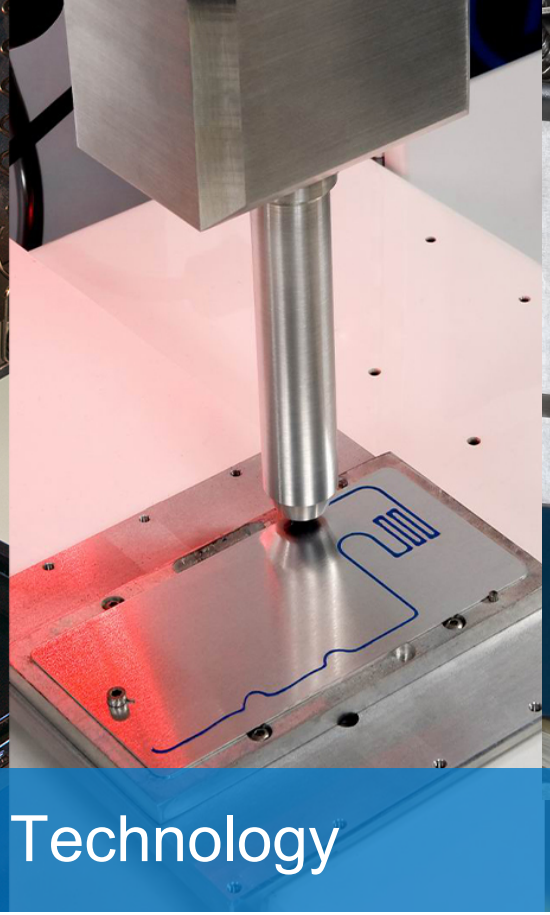
Life Sciences
Fluid Management Components

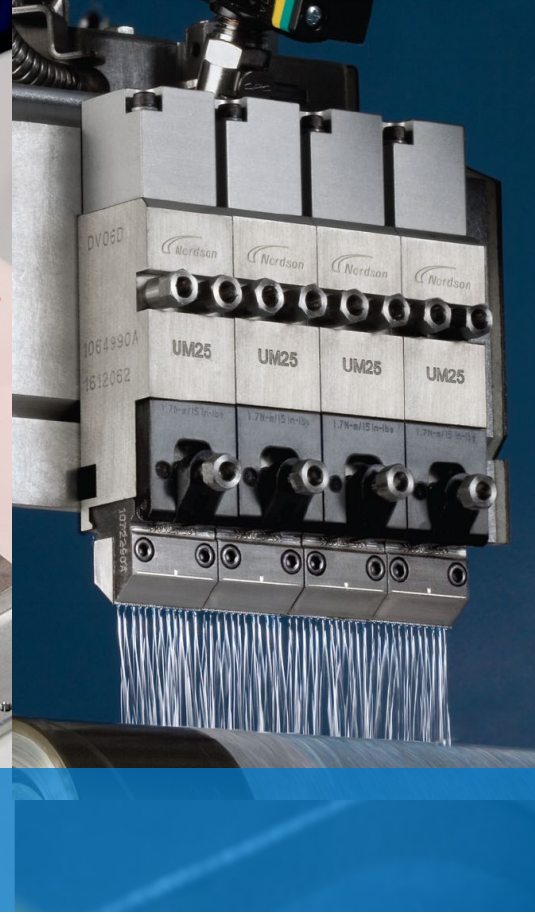
From specialty tubing, catheters, medical balloons, quick-connect couplings and couplers, Nordson is an expert in the design, development and manufacture of complex medical devices and component technologies.











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

Nordson

Appendix:

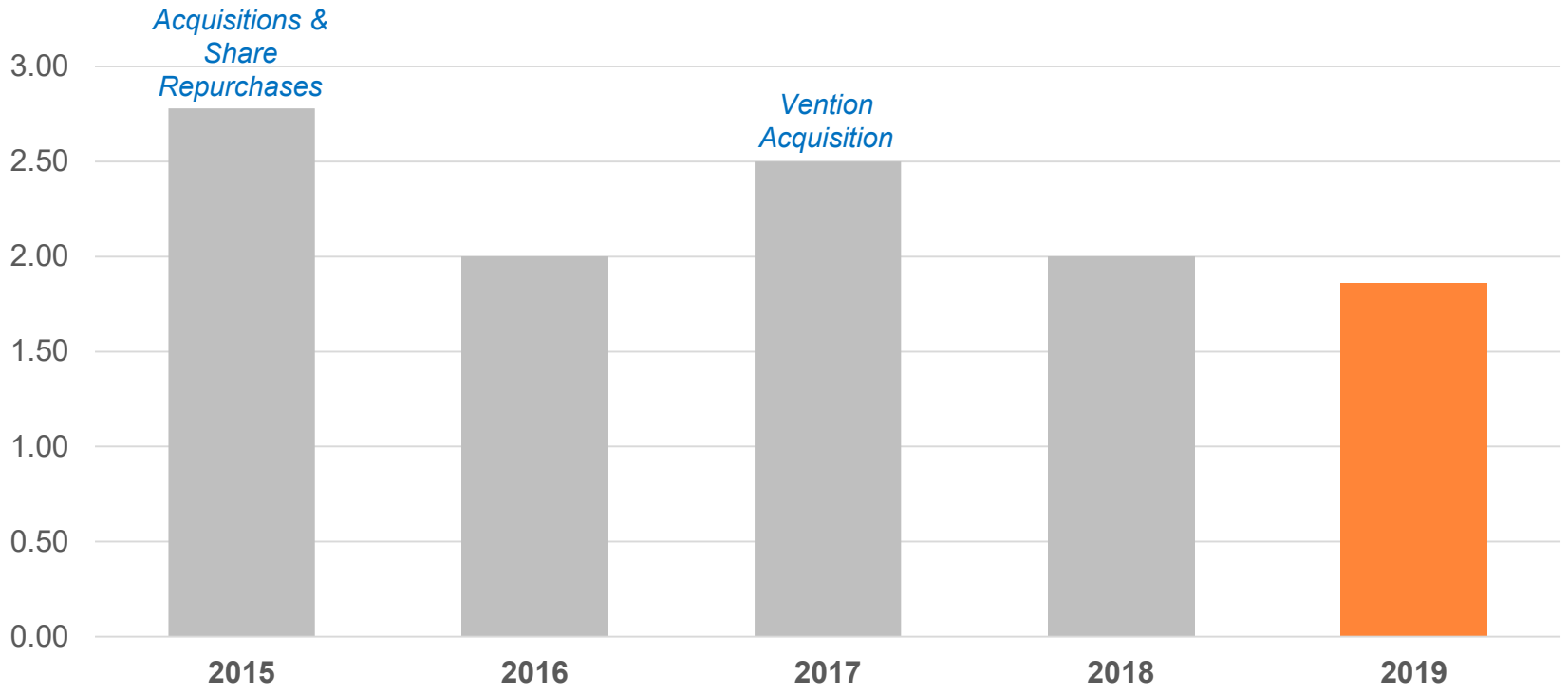
Historic Financials

Strong Capital Management

Net Debt to EBITDA*

Strong cash generation lets Nordson de-lever quickly

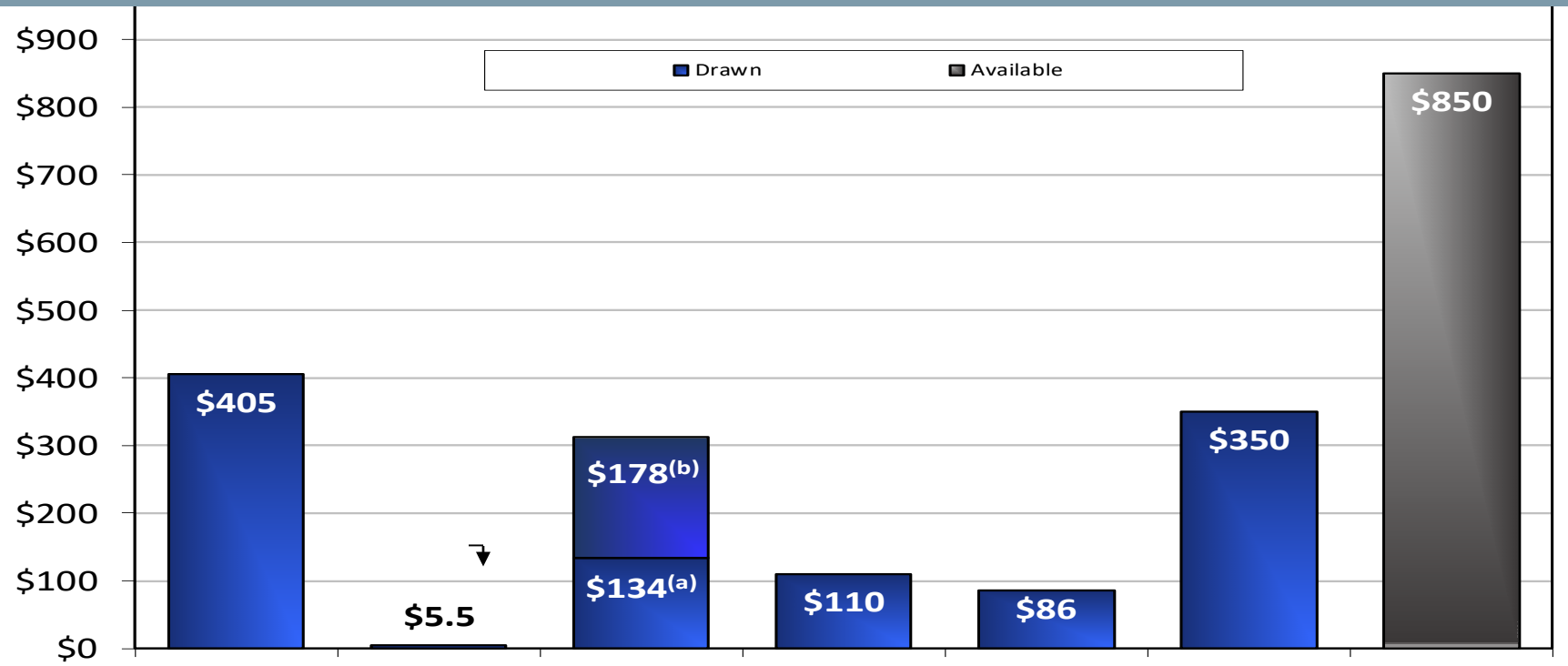
At 1/31/2020 Net Debt to TTM EBITDA = 1.7 times



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

Strong Capital Management

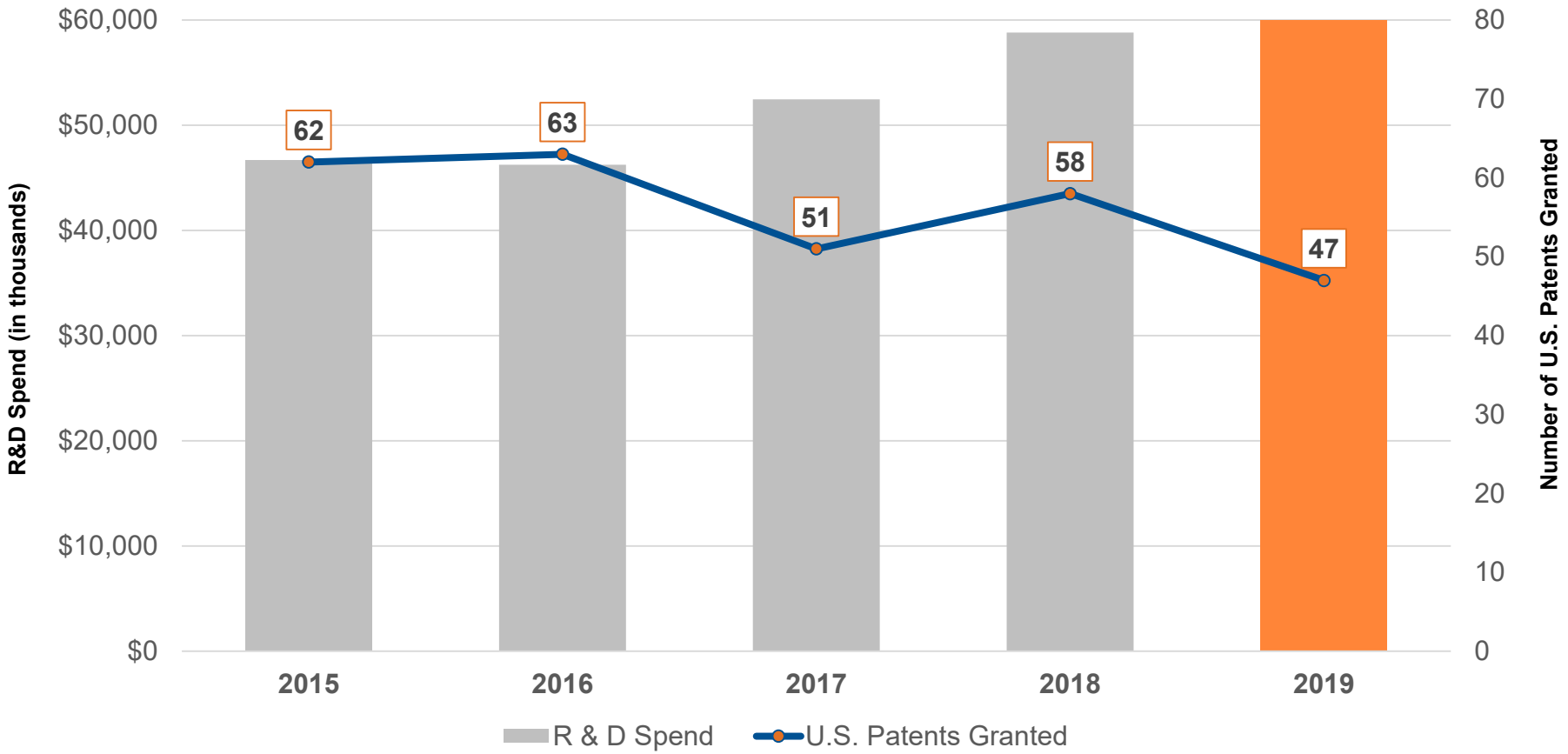
Debt position as of 7/31/2020



Term Loan A (US) & PNC Loan	NYL	Term Loan A (EUR)	2012 Private Placement	2015 Private Placement	2018 Private Placement	Revolver
▪ $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: 0.09 yrs	▪ Maturity 3/31/23 ▪ (a) 75.0 bps over EUR Libor ▪ (b) 67.0 bps over EUR Libor ▪ EUR denominated	▪ Amortizing avg rate: 3.07% ▪ Remaining avg. life: 2.58 yrs	▪ Amortizing avg. rate: 3.06% ▪ Remaining avg. life: 4.16 yrs	▪ Amortizing avg. rate: 3.90% ▪ Remaining avg. life: 5.30 yrs	▪ Ends April, 2024 ▪ 78.5 bps over USD Libor at 3/25/20

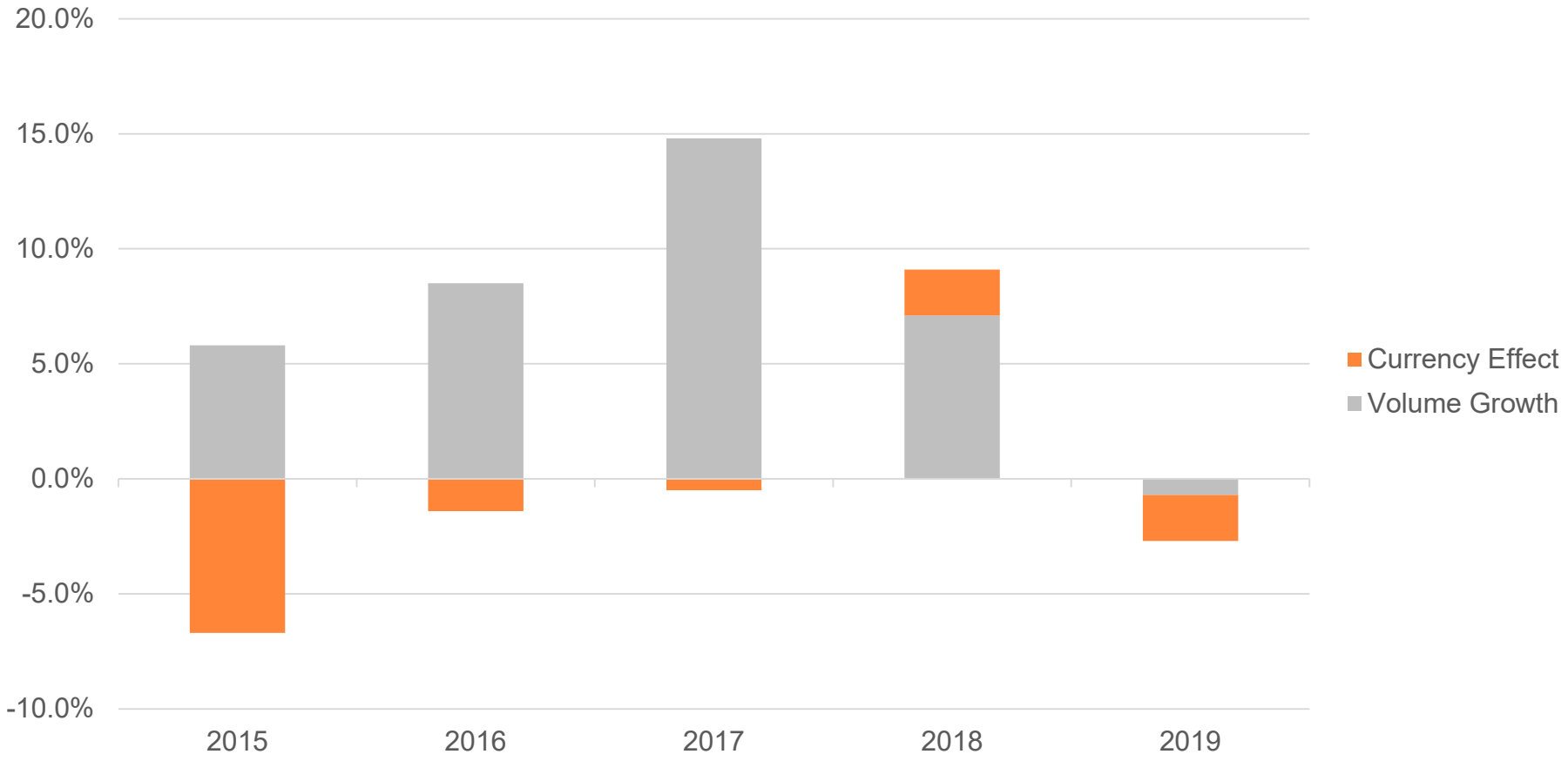
Innovation Drives Organic Growth

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%**

Advanced Technology Solutions

	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 Precision Solutions

	Organic	Acquisitive	Currency	Total
FY2015	4.2%	0.2%	-8.6%	-4.2%
FY2016	4.7%	0.5%	-1.7%	3.5%
FY2017	3.5%	0.0%	-0.3%	3.2%
FY2018	1.4%	0.0%	2.5%	3.9%
FY2019	1.9%	0.0%	-2.5%	-0.6%
5 yr avg	**3.1%**	**0.1%**	**-2.1%**	**1.2%**

Attachment #1

THIRD QUARTER PERIOD
Period Ended July 31, 2020
(Unaudited)

NORDSON CORPORATION
CONSOLIDATED STATEMENTS OF INCOME
(Dollars in thousands except for per-share amounts)

CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended		Nine Months Ended	
	July 31, 2020	July 31, 2019	July 31, 2020	July 31, 2019
Sales	$ 538,181	$ 559,746	$ 1,562,575	$ 1,608,775
Cost of sales	257,373	257,123	728,975	735,647
Gross margin	280,808	302,623	833,600	873,128
Gross profit %	52.2%	54.1%	53.3%	54.3%
Selling & administrative expenses	168,753	172,347	521,423	529,675
Operating profit	112,055	130,276	312,177	343,453
Interest expense - net	(6,880)	(10,989)	(24,047)	(35,085)
Other income (expense) - net	(9,668)	210	(12,943)	(4,546)
Income before income taxes	95,507	119,497	275,187	303,822
Income taxes	8,526	25,569	44,123	69,404
Net Income	$ 86,981	$ 93,928	$ 231,064	$ 234,418
Weighted-average common shares outstanding:				
Basic	57,693	57,395	57,679	57,463
Diluted	58,427	58,117	58,404	58,183
Earnings per share:				
Basic	$ 1.51	$ 1.64	$ 4.01	$ 4.08
Diluted	$ 1.49	$ 1.62	$ 3.96	$ 4.03

Attachment #2

THIRD QUARTER PERIOD
Period Ended July 31, 2020
(Unaudited)

NORDSON CORPORATION
CONSOLIDATED BALANCE SHEET AND CONSOLIDATED STATEMENTS OF CASH FLOWS
(Dollars in thousands)

CONSOLIDATED BALANCE SHEET

	July 31, 2020	October 31, 2019
Cash and cash equivalents	$ 221,783	$ 151,164
Receivables - net	498,283	530,765
Inventories - net	310,557	283,399
Other current assets	50,075	45,867
Total current assets	1,080,698	1,011,195
Property, plant & equipment - net	414,982	398,895
Goodwill	1,701,914	1,614,739
Other assets	622,364	491,618
	$ 3,819,958	$ 3,516,447
Current maturities of long-term debt	$ 43,598	$ 168,738
Accounts payable and accrued liabilities	303,620	308,888
Total current liabilities	347,218	477,626
Long-term debt	1,221,082	1,075,404
Other liabilities	481,746	382,372
Total shareholders' equity	1,769,912	1,581,045
	$ 3,819,958	$ 3,516,447

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Nine Months Ended July 31, 2020	Nine Months Ended July 31, 2019
Cash flows from operating activities:		
Net Income	$ 231,064	$ 234,418
Depreciation and amortization	84,164	83,331
Other non-cash items	8,751	14,699
Changes in working capital	(14,021)	(96,017)
Net cash provided by operating activities	309,958	236,431
Cash flows from investing activities:		
Additions to property, plant and equipment	(36,096)	(46,002)
Acquisitions	(125,260)	(12,110)
Other - net	(1,836)	193
Net cash used in investing activities	(163,192)	(57,919)
Cash flows from financing activities:		
Issuance (repayment) of long-term debt	1,740	36,009
Repayment of finance lease obligations	(5,814)	(4,442)
Dividends paid	(65,737)	(60,325)
Issuance of common shares	46,304	17,275
Purchase of treasury shares	(51,897)	(118,124)
Net cash used in financing activities	(75,404)	(129,607)
Effective of exchange rate change on cash	(743)	3,262
Net change in cash and cash equivalents	70,619	52,167
Cash and cash equivalents:		
Beginning of period	151,164	95,678
End of period	$ 221,783	$ 147,845

THIRD QUARTER PERIOD
Period Ended July 31, 2020
(Unaudited)

NORDSON CORPORATION
SALES BY SEGMENT AND GEOGRAPHIC REGION
(Dollars in thousands)

SALES BY SEGMENT	Three Months Ended July 31, 2020	Three Months Ended July 31, 2019	Sales Variance Organic	Sales Variance Acquisition	Sales Variance Currency	Sales Variance Total
Industrial precision solutions	$ 288,965	$ 306,648	-4.5%	-	-1.3%	-5.8%
Advanced technology solutions	249,216	253,098	-3.3%	1.8%	-	-1.5%
Total sales	$ 538,181	$ 559,746	-4.0%	0.8%	-0.7%	-3.9%

SALES BY GEOGRAPHIC REGION	Three Months Ended July 31, 2020	Three Months Ended July 31, 2019	Sales Variance Organic	Sales Variance Acquisition	Sales Variance Currency	Sales Variance Total
United States	$ 183,508	$ 190,460	-4.4%	0.8%	-	-3.6%
Americas	38,265	47,040	-17.5%	4.2%	-5.4%	-18.7%
Europe	132,107	143,449	-7.6%	0.3%	-0.6%	-7.9%
Japan	31,226	30,488	0.6%	0.4%	1.4%	2.4%
Asia Pacific	153,075	148,309	3.7%	0.3%	-0.8%	3.2%
Total sales	$ 538,181	$ 559,746	-4.0%	0.8%	-0.7%	-3.9%

SALES BY SEGMENT	Nine Months Ended July 31, 2020	Nine Months Ended July 31, 2019	Sales Variance Organic	Sales Variance Acquisition	Sales Variance Currency	Sales Variance Total
Industrial precision solutions	$ 835,038	$ 871,925	-2.8%	-	-1.4%	-4.2%
Advanced technology solutions	727,537	736,850	-2.1%	1.1%	-0.3%	-1.3%
Total sales	$ 1,562,575	$ 1,608,775	-2.5%	0.5%	-0.9%	-2.9%

SALES BY GEOGRAPHIC REGION	Nine Months Ended July 31, 2020	Nine Months Ended July 31, 2019	Sales Variance Organic	Sales Variance Acquisition	Sales Variance Currency	Sales Variance Total
United States	$ 560,941	$ 551,510	1.2%	0.5%	-	1.7%
Americas	106,021	123,159	-12.0%	1.8%	-3.7%	-13.9%
Europe	394,554	425,650	-6.0%	0.5%	-1.8%	-7.3%
Japan	90,353	89,566	-1.1%	0.3%	1.7%	0.9%
Asia Pacific	410,706	418,890	-1.3%	0.3%	-1.0%	-2.0%
Total sales	$ 1,562,575	$ 1,608,775	-2.5%	0.5%	-0.9%	-2.9%

Attachment #4

THIRD QUARTER PERIOD
Period Ended July 31, 2020
(Unaudited)

NORDSON CORPORATION
RECONCILIATION OF NON-GAAP MEASURES - ADJUSTED OPERATING PROFIT AND EBITDA
(Dollars in thousands)

	Three Months Ended				Nine Months Ended			
	July 31, 2020		July 31, 2019		July 31, 2020		July 31, 2019	
SALES BY SEGMENT								
Industrial precision solutions	$ 288,965		$ 306,648		$ 835,038		$ 871,925	
Advanced technology solutions	249,216		253,098		727,537		736,850	
Total sales	$ 538,181		$ 559,746		$ 1,562,575		$ 1,608,775	
OPERATING PROFIT								
Industrial precision solutions	$ 74,744		$ 88,811		$ 207,603		$ 229,702	
Advanced technology solutions	49,952		53,562		140,928		150,882	
Corporate	(12,641)		(12,097)		(36,354)		(37,131)	
Total operating profit	$ 112,055		$ 130,276		$ 312,177		$ 343,453	
OPERATING PROFIT ADJUSTMENTS [1]								
Industrial precision solutions	$ 2,813		$ 543		$ 3,477		$ 1,809	
Advanced technology solutions	3,413		835		6,383		835	
Corporate	1,387		-		1,387		192	
Total adjustments	$ 7,613		$ 1,378		$ 11,247		$ 2,836	
ADJUSTED OPERATING PROFIT (NON-GAAP)		% of Sales		% of Sales		% of Sales		% of Sales
Industrial precision solutions	$ 77,557	27%	$ 89,354	29%	$ 211,080	25%	$ 231,511	27%
Advanced technology solutions	53,365	21%	54,397	21%	147,311	20%	151,717	21%
Corporate	(11,254)		(12,097)		(34,967)		(36,939)	
Total operating profit - adjusted	$ 119,668	22%	$ 131,654	24%	$ 323,424	21%	$ 346,289	22%
DEPRECIATION & AMORTIZATION								
Industrial precision solutions	$ 8,588		$ 8,699		$ 25,732		$ 25,671	
Advanced technology solutions	17,738		17,581		51,980		51,785	
Corporate	2,174		1,563		6,452		5,875	
Total depreciation & amortization	$ 28,500		$ 27,843		$ 84,164		$ 83,331	
EBITDA (NON-GAAP)		% of Sales		% of Sales		% of Sales		% of Sales
Industrial precision solutions	$ 86,145	30%	$ 98,053	32%	$ 236,812	28%	$ 257,182	29%
Advanced technology solutions	71,103	29%	71,978	28%	199,291	27%	203,502	28%
Corporate	(9,080)		(10,534)		(28,515)		(31,064)	
Total EBITDA	$ 148,168	28%	$ 159,497	28%	$ 407,588	26%	$ 429,620	27%

[1] Represents charges associated with our 2020 and 2019 acquisitions, and costs and adjustments related to cost structure simplification actions.

Adjusted operating profit and EBITDA are non-GAAP measures used by management to evaluate the Company's ongoing operations. Adjusted operating profit is defined as operating profit plus certain adjustments, such as cost structure simplification actions, and non-cash inventory charges related to acquisitions. EBITDA is defined as adjusted operating profit plus depreciation and amortization.

THIRD QUARTER PERIOD
Period Ended July 31, 2020
(Unaudited)

NORDSON CORPORATION
RECONCILIATION OF NON-GAAP MEASURES - PROFITABILITY
(Dollars in thousands)

	Three Months Ended		Nine Months Ended	
GAAP AS REPORTED	July 31, 2020	July 31, 2019	July 31, 2020	July 31, 2019
Operating profit	$ 112,055	$ 130,276	$ 312,177	$ 343,453
Other / interest income (expense) - net	(16,548)	(10,779)	(36,990)	(39,631)
Net income	86,981	93,928	231,064	234,418
EPS diluted	$ 1.49	$ 1.62	$ 3.96	$ 4.03
Shares outstanding - diluted	58,427	58,117	58,404	58,183
OPERATING PROFIT ADJUSTMENTS				
Inventory step-up amortization	$ 1,229	$ 188	$ 1,229	$ 188
Severance and other	6,384	1,190	10,018	2,648
NON-OPERATING EXPENSE ADJUSTMENTS				
Pension settlement loss	$ 2,508	$ -	$ 2,508	$ -
Total adjustments	$ 10,121	$ 1,378	$ 13,755	$ 2,836
Adjustments net of tax	$ 7,966	$ 1,071	$ 10,825	$ 2,195
Other discrete tax items	$ (11,816)	$ (1,068)	$ (14,491)	$ 740
EPS effect of adjustments and other discrete tax items	$ (0.07)	$ 0.00	$ (0.06)	$ 0.05
NON-GAAP MEASURES - ADJUSTED PROFITABILITY				
Operating profit	$ 119,668	$ 131,654	$ 323,424	$ 346,289
Operating profit % of sales	22.2%	23.5%	20.7%	21.5%
Net income	$ 83,131	$ 93,931	$ 227,398	$ 237,353
EPS diluted	$ 1.42	$ 1.62	$ 3.89	$ 4.08

Adjusted operating profit is defined as operating profit plus certain adjustments such as cost structure simplification actions and non-cash inventory charges related to acquisitions. Adjusted operating profit as a percentage of sales is defined as adjusted operating profit divided by sales.
Adjusted net income is defined as net income plus tax effected adjustments and other discrete tax items.
Adjusted EPS is defined as GAAP EPS adjusted for tax effected adjustments and other discrete tax items.

Management does not consider the effects of the adjustments identified above in evaluating the core operational activities of the Company. Management uses these non-GAAP measures 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.

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