Nordson

Third Quarter Fiscal 2021

Webcast

August 31, 2021

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 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 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 Fiscal 2021 Webcast – August 31, 2021

- Third Quarter Highlights
- Sales Performance and Earnings Review
- Cash Flow and Balance Sheet
- Enterprise Performance Update, including NDC Technologies acquisition
- Updated Fiscal 2021 Full-Year Guidance
- Q&A



Sundaram Nagarajan
President and
Chief Executive Officer



Joseph Kelley
Executive Vice President,
Chief Financial Officer



Lara Mahoney
Vice President,
Investor Relations

3Q 2021 Highlights

Strong execution and NBS Next driving record results during economic recovery

1. Record sales and operating profit growth
2. Recovery continuing in medical, electronics and industrial end markets
3. Successfully managing supply chain and labor constraints

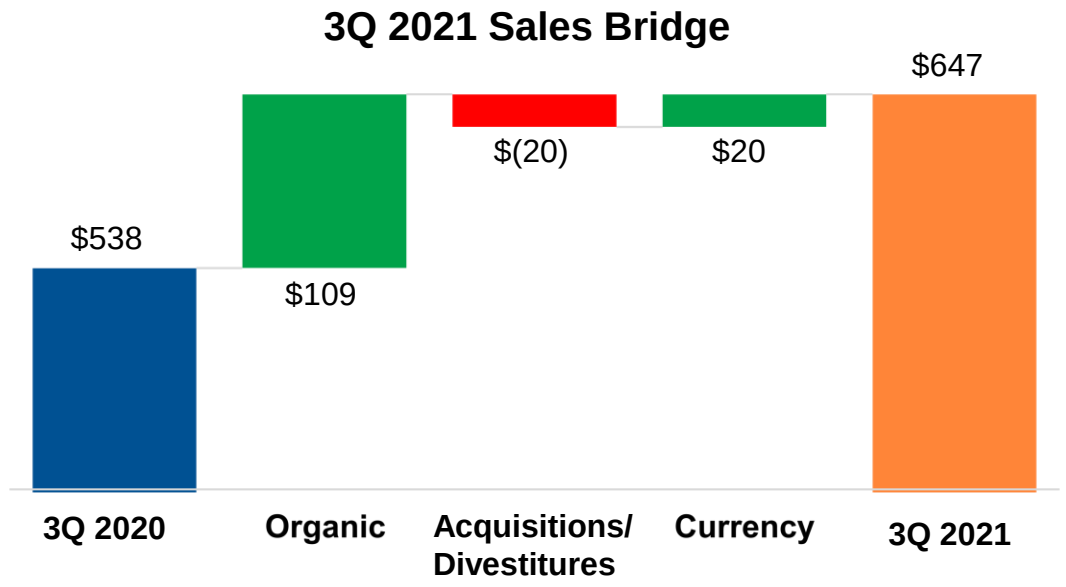
Total Company – 3Q 2021

Record Quarterly Sales Results

- Reported sales increased 20%; excluding divestiture, sales increase would have been 24%
- Organic growth increased 20%
- Robust growth in all end markets, including seasonal increase into electronics end market

Record Operating Profit

- Operating profit of $188 million, 29% of sales
- Incremental EBITDA margins of 62%
- Volume leverage, benefits from cost controls and favorable sales mix drive record profits
- EBITDA was 33% of sales



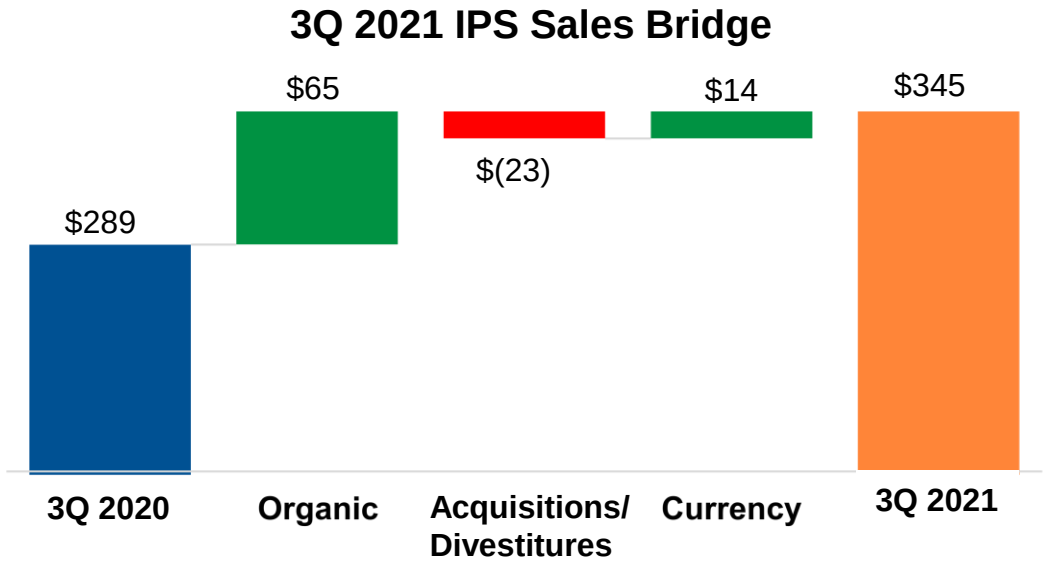
	3Q 2020	3Q 2021	Δ
Sales	$538.2	$646.9	20%
Operating Profit*	$119.7	$188.3	57%
EBITDA*	$148.2	$215.2	45%
EPS Diluted*	$1.42	$2.42	70%

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

Industrial Precision Solutions

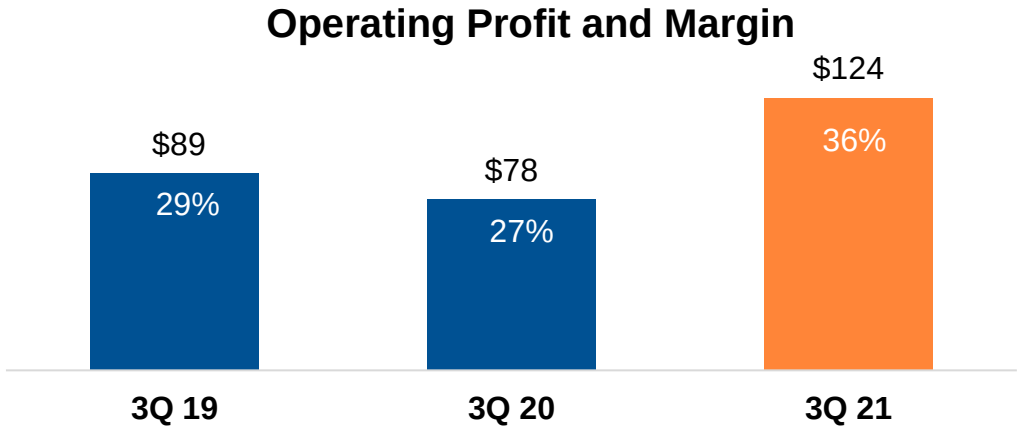
Sales

- 20% sales increase
- 22% record organic growth; 5% currency gains; (8)% divestiture
- Sustained growth in hot melt adhesive and industrial coatings product lines



Operating Profit

- Operating profit grew 60% to $124 million
- Driven by volume leverage, favorable sales mix and improved manufacturing efficiencies
- Divested product line contributed favorably to profit margin expansion



Numbers reflect adjusted operating profit – see reconciliation in appendix

Advanced Technology Solutions

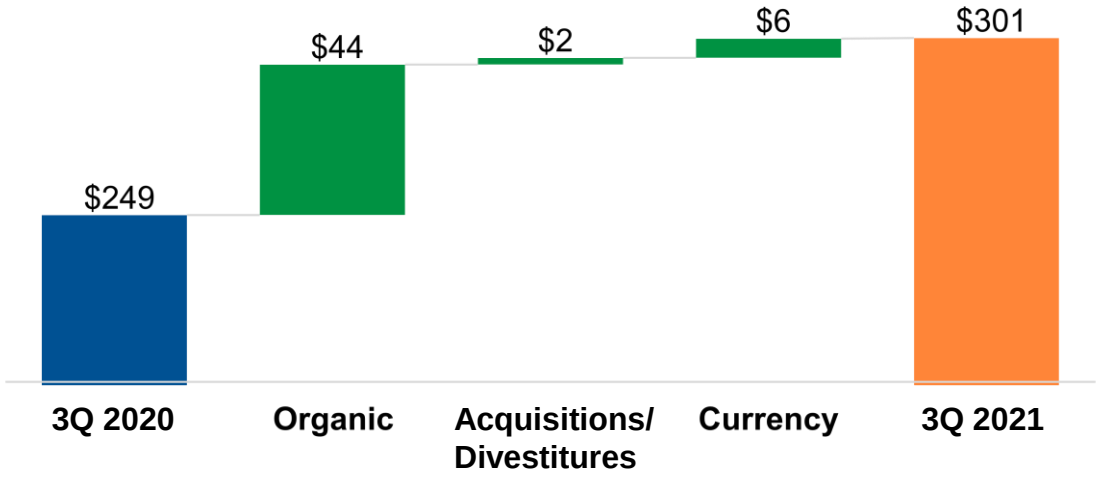
Sales

- Sales increased 21%
- 18% organic growth; 2% currency gains; 1% acquisitive growth
- Double-digit growth in all product lines, particular strength in electronics, medical and industrial end markets

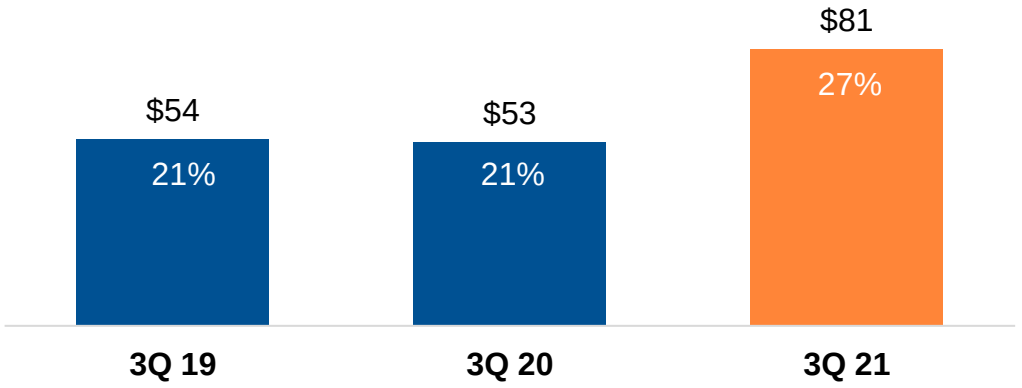
Operating Profit

- Operating profit increased 51% compared to the prior year and was 27% of sales
- Driven by volume leverage, favorable sales mix and benefits of cost control measures taken in prior year

3Q 2021 ATS Sales Bridge



Operating Profit and Margin



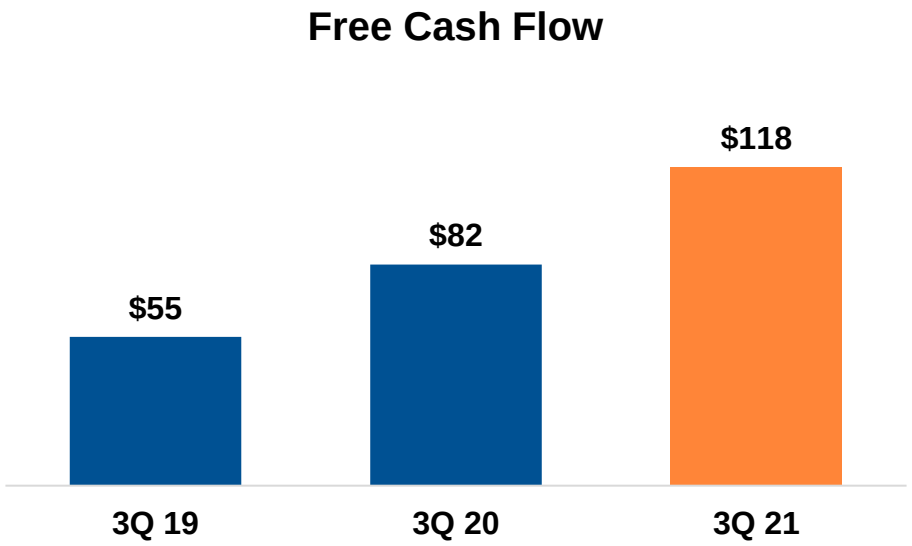
Numbers reflect adjusted operating profit – see reconciliation in appendix

Cash Flow and Balance Sheet

Strong Cash Flow with Sufficient Liquidity to Invest in Strategic Initiatives

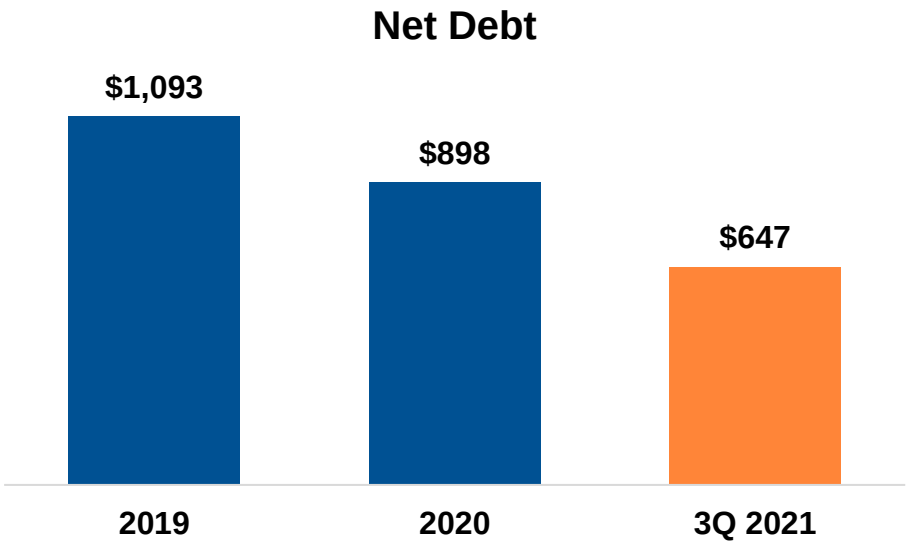
Free Cash Flow

- 83% conversion on net income
- $30 million pension contribution in the third quarter
- Board approved 31% increase in annual dividend



Net Debt

- Cash totaled $174 million
- Net debt was $647 million
- 0.9X leverage ratio based on trailing 12-month EBITDA*



*Non-GAAP number - See appendix for reconciliation

NDC Technologies Acquisition Highlights



Differentiated technology expands test and inspection capabilities

- Adds proprietary technology with Nordson-like gross margins
- Offers adjacent technologies with differentiated capabilities
- Aligns with Nordson's customer-centric business model



Opportunity to leverage NBS Next and invest in growth opportunities

- Apply NBS Next growth framework to identify greatest opportunities for profitable growth
- Invest in and reinvigorate growth engine

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Progress on Ascend Strategy to achieve top-tier growth with leading margins and returns

- Adds $90 million worth of annual revenue
- Growth and synergies will expand acquired EBITDA margin

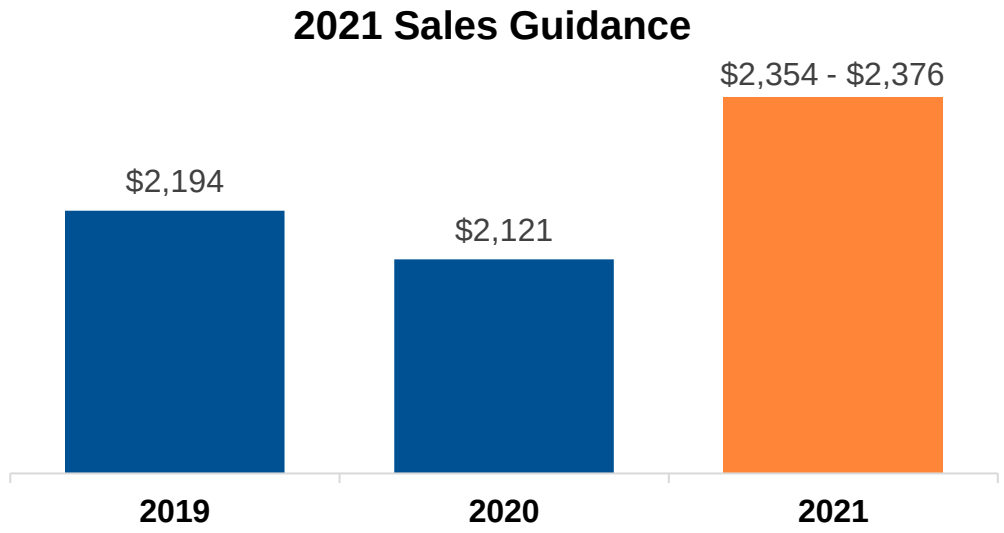
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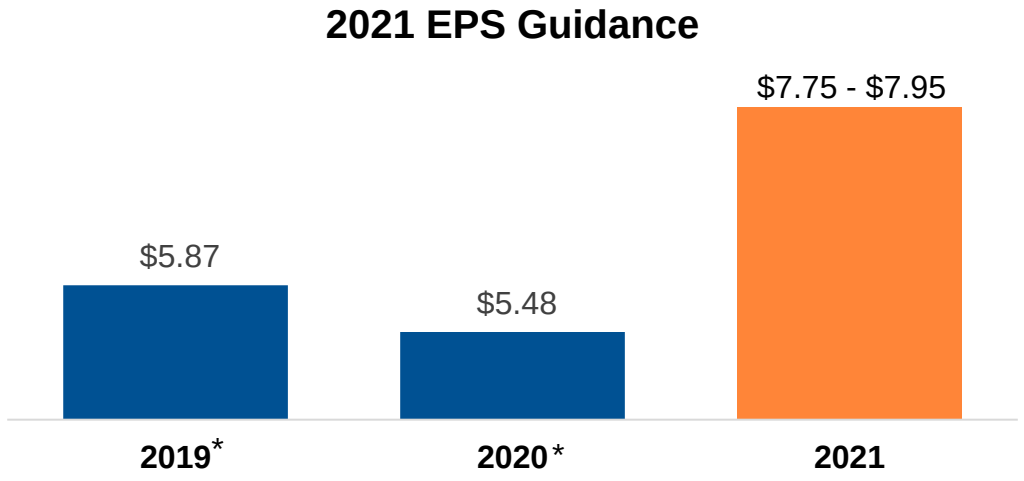
Full-Year Fiscal 2021 Guidance

Raising Guidance for Fiscal 2021

Updated Fiscal 2021 Guidance

- Sales growth of ~11% to 12%
- Earnings per diluted share in the range of $7.75 to $7.95; growth of ~41% to 45%
- Strong backlog and strengthening order entry support increased sales and earnings guidance
- Second half fiscal 2021 forecasted sales growth of 14% and earnings growth of 47% at the midpoints





*2019 and 2020 EPS numbers reflected adjusted EPS

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Questions?

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Reconciliation of Non-GAAP Measures

Adjusted Operating Profit and EBITDA (Dollars in thousands)

NORDSON CORPORATION

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

	Three months ended				Nine months ended			
	July 31, 2021		July 31, 2020		July 31, 2021		July 31, 2020	
SALES BY SEGMENT								
Industrial precision solutions	$ 345,449		$ 288,965		$ 932,640		$ 835,038	
Advanced technology solutions	301,409		249,216		830,322		727,537	
Total sales	$ 646,858		$ 538,181		$1,762,962		$1,562,575	
OPERATING PROFIT								
Industrial precision solutions	$ 123,829		$ 74,744		$ 311,515		$ 207,603	
Advanced technology solutions	80,769		49,952		204,556		140,928	
Corporate	(16,322)		(12,641)		(52,379)		(36,354)	
Total operating profit	$ 188,276		$ 112,055		$ 463,692		$ 312,177	
OPERATING PROFIT ADJUSTMENTS[1]								
Industrial precision solutions	$ —		$ 2,813		$ —		$ 3,477	
Advanced technology solutions	—		3,413		—		6,383	
Corporate	—		1,387		—		1,387	
Total adjustments	$ —		$ 7,613		$ —		$ 11,247	
ADJUSTED OPERATING PROFIT (NON-GAAP)[2]		% of Sales		% of Sales		% of Sales		% of Sales
Industrial precision solutions	$ 123,829	36%	$ 77,557	27%	$ 311,515	33%	$ 211,080	25%
Advanced technology solutions	80,769	27%	53,365	21%	204,556	25%	147,311	20%
Corporate	(16,322)		(11,254)		(52,379)		(34,967)	
Total operating profit - adjusted	$ 188,276	29%	$ 119,668	22%	$ 463,692	26%	$ 323,424	21%
DEPRECIATION & AMORTIZATION								
Industrial precision solutions	$ 5,964		$ 9,865		$ 19,414		$ 28,990	
Advanced technology solutions	18,474		16,266		51,439		47,832	
Corporate	2,460		2,369		7,380		7,342	
Total depreciation & amortization	$ 26,898		$ 28,500		$ 78,233		$ 84,164	
EBITDA (NON-GAAP)[2]								
Industrial precision solutions	$ 129,793	38%	$ 87,422	30%	$ 330,929	35%	$ 240,070	29%
Advanced technology solutions	99,243	33%	69,631	28%	255,995	31%	195,143	27%
Corporate	(13,862)		(8,885)		(44,999)		(27,625)	
Total EBITDA	$ 215,174	33%	$ 148,168	28%	$ 541,925	31%	$ 407,588	26%

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

[2] 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. EBITDA is defined as adjusted operating profit plus depreciation and amortization.

Reconciliation of Non-GAAP Measures

Profitability (Dollars in thousands)

NORDSON CORPORATION

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

	Three Months Ended		Nine Months Ended	
	July 31, 2021	July 31, 2020	July 31, 2021	July 31, 2020
GAAP AS REPORTED				
Operating profit	$ 188,276	$ 112,055	$ 463,692	$ 312,177
Other / interest expense - net	(7,879)	(16,548)	(29,625)	(36,990)
Net income	142,182	86,981	343,908	231,064
Diluted earnings per share	$ 2.42	$ 1.49	$ 5.86	$ 3.96
Shares outstanding - diluted	58,735	58,427	58,714	58,404
OPERATING PROFIT ADJUSTMENTS				
Inventory step-up amortization	$ —	$ 1,229	$ —	$ 1,229
Severance and other	$ —	$ 6,384	—	10,018
NON-OPERATING EXPENSE ADJUSTMENTS				
Pension settlement loss	$ —	$ 2,508	$ —	$ 2,508
Total adjustments	$ —	$ 10,121	$ —	$ 13,755
Adjustments net of tax	$ —	$ 7,966	$ —	$ 10,825
Other discrete tax items	$ —	$ (11,816)	$ —	$ (14,491)
EPS effect of adjustments and other discrete tax items	$ —	$ (0.07)	$ —	$ (0.06)
NON-GAAP MEASURES-ADJUSTED PROFITABILITY				
Operating profit [1]	$ 188,276	$ 119,668	$ 463,692	$ 323,424
Operating profit % of sales	29.1 %	22.2 %	26.3 %	20.7 %
Net income [2]	$ 142,182	$ 83,131	$ 343,908	$ 227,398
Diluted earnings per share [3]	$ 2.42	$ 1.42	$ 5.86	$ 3.89

[1] Adjusted operating profit is defined as operating profit plus certain adjustments such as cost structure simplification actions. Adjusted operating profit as a percentage of sales is defined as adjusted operating profit divided by sales.

[2] Adjusted net income is defined as net income plus tax effected adjustments and other discrete tax items.

[3] Adjusted earnings per share is defined as GAAP EPS adjusted for tax effected adjustments and other discrete tax items.

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.