

# Nordson Corporation

## Precision Technology Solutions

Dispensing - Test & Inspection - Surface Treatment - Fluid Management



**NASDAQ:** NDSN

December 14, 2011 | Fourth Quarter Fiscal 2011 Investor Presentation



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

Information in this presentation may contain “forward-looking statements,” as defined by this Reform Act. These statements are identified by words or phrases such as “are expected to,” “will likely result,” “is anticipated,” “estimates,” “will continue,” “outlook,” “project,” or similar expressions.

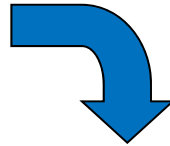
These forward looking statements are based on current expectations and involve risks and uncertainties. Consequently, Nordson Corporation’s actual results could differ materially from the expectations expressed in the forward-looking statements. Factors that could cause the Company’s actual results to differ materially from the expected results include, but are not limited to: fluctuations in currency exchange rates; a sales mix different from assumptions; deferral of orders; customer-requested delays in system installations; and unanticipated delays.

## **DISCONTINUED OPERATIONS**

All numbers for years prior to FY 2006 in this presentation include results from discontinued operations unless otherwise noted.

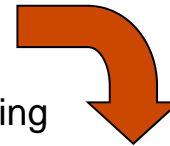
## Sustainable Business Model

- Real technology differentiation
- Unparalleled application know how
- Global direct sales & service
- Parts & consumables annuity
- Globally recognized brand



## Applied to Diverse Markets

- 30+ countries, established and emerging
- Technology, consumer non-durables, consumer durables
- Emerging applications



## Delivers Exceptional Results

- Solid top line growth
- 48 years of dividend increases
- Continually improving margins and returns
- Strong cash flow for continued investment
- Top quartile total shareholder return

## Nordson Investment Summary

# Nordson: Focused on Precision Technology Solutions

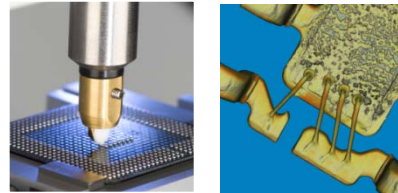
- Material Dispensing

- Dispensing, Coating
- Sealing, Finishing
- Spraying, Painting



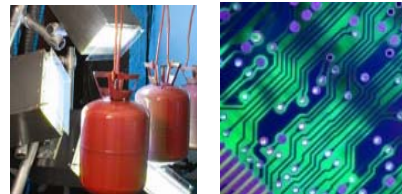
- Test and Inspection

- X-ray, optical inspection
- Bond test



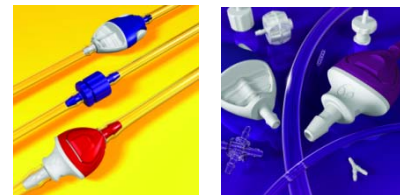
- Surface Treatment

- UV curing
- Plasma treatment



- Fluid Management

- Components



Customer Value Proposition  
Reliability...uptime  
Speed...productivity...yield  
Efficiency...lower material usage  
Leading edge features

▼

*Lower Cost of Ownership*

# End Markets: Consumer Non-Durables, Durables, Technology

....Every Day You Experience the Value We Bring

## Adhesive Dispensing



Packaging  
Nonwovens  
Product Assembly

## Advanced Technology



Electronics, Medical  
Solar, LEDs  
Industrial

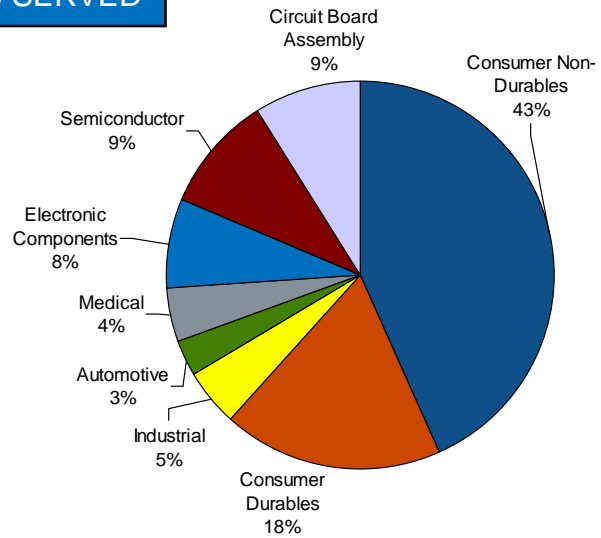
## Industrial Coating



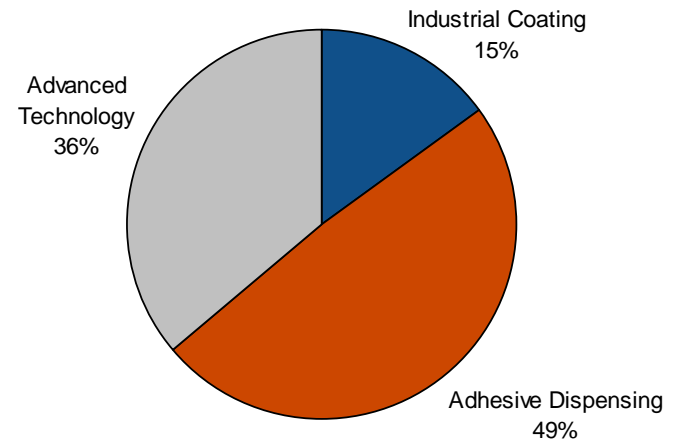
Appliances, Agriculture  
Automotive, Furniture  
Containers, Construction

# Sales Distribution – FY2011

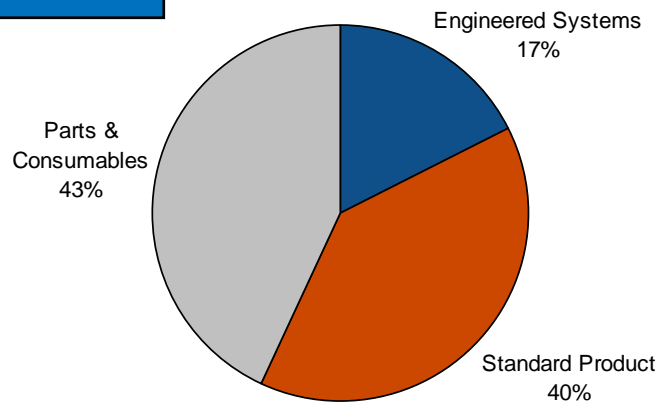
## MARKETS SERVED



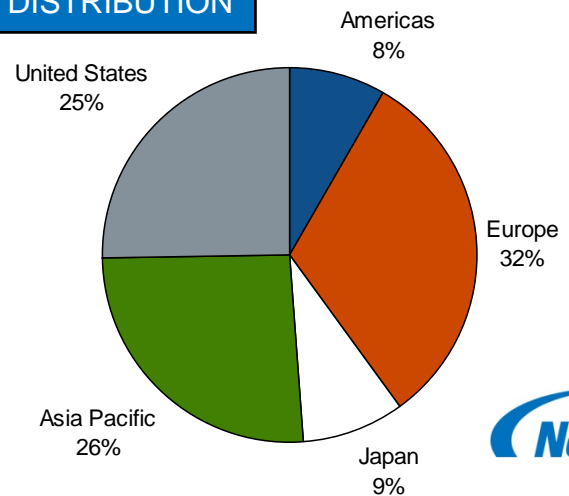
## OPERATING SEGMENTS



## PRODUCT TYPE



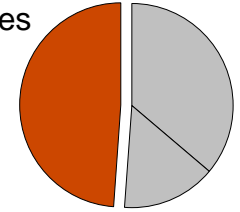
## GEOGRAPHIC DISTRIBUTION





# Adhesive Dispensing Systems

49% of FY11 sales



Twelve Months Ending 10/31/2011:

Sales: \$612m    Operating Margin: 34%

- Dispense and apply adhesives and other materials to a wide variety of products during manufacturing processes

## Applications

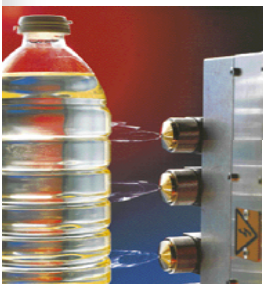
- Carton and case sealing
- Diaper assembly
- Window and door assembly
- Bookbinding
- Furniture assembly
- Labeling
- Mobile phone assembly
- Solar panel assembly

## End markets

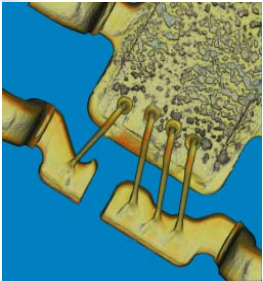
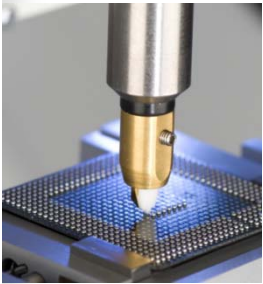
- Food and beverage packaging
- Nonwovens / tissue and disposable hygiene products
- Furniture and building products
- Paper converting
- Macro electronics
- General industrial assembly

## Drivers of growth

- Income growth in Asia, Latin America, East Europe
- Increased use of disposable hygiene products
- Increased use of processed and convenience foods
- Productivity investments
- Material, machinery and process innovations

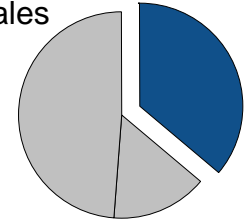


*Typical dispensing unit and replacement parts*



# Advanced Technology Systems

36% of FY11 sales



Twelve Months Ending 10/31/2011:  
Sales \$439m    Operating Margin 26%

- High precision dispensing, test, inspection and surface treatment technologies for electronics and other high tech markets.

## Applications

- Semiconductor packaging
- Printed circuit board assembly & coating
- Bond testing, X-ray & optical inspection for semiconductors & printed circuit boards
- LED/LCD assembly & packaging
- Medical device assembly and fluid control
- Medical procedure biomaterial dispensing

## End markets

- Semiconductors & electronic assembly
- Medical
- General industrial
- Solar
- Aerospace
- LED

## Drivers of growth:

- Mobile computing trend
- Device convergence, migration to flip chips
- Circuit shrinkage in devices driving new architectures
- Emerging consumers for products in BRIC countries
- Growth in medical devices driven by aging population
- Alternative energy high volume manufacturing

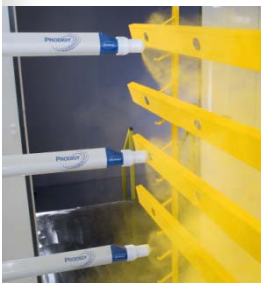


*Typical dispensing system  
and consumables*

Includes industry leading brands:

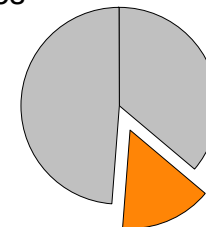
Nordson ASYMTEK, Nordson DAGE, Nordson EFD

Nordson MARCH, Nordson MICROMEDICS, Nordson YESTECH, Value Plastics



# Industrial Coating Systems

15% of FY11 sales



Twelve Months Ending 10/31/2011:  
Sales \$183m    Operating margin 15%

- Equipment and systems to apply and cure paints, sealants, coatings and other materials to a wide range of products

### End markets:

- Appliance
- Office furniture
- Outdoor products
- Automobile assembly
- Food & beverage containers
- Pipe coating

### Applications:

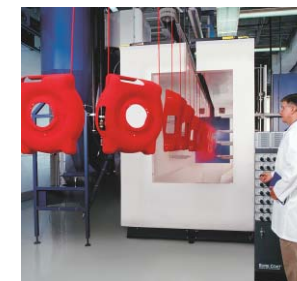
- Powder finishing
- Liquid finishing
- Metal container inside coating
- Battery inside coating
- Automobile sealing & bonding
- UV curing

*Typical products, systems and replacement parts*



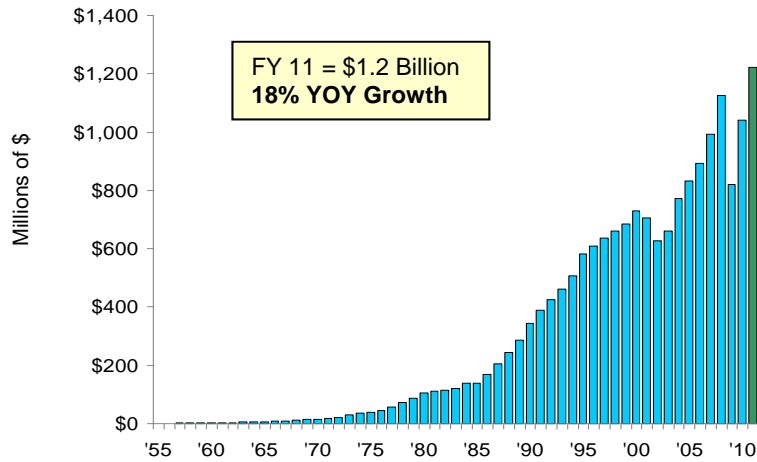
### Drivers of growth:

- Environmental advantages of powder coatings
- Productivity investments
- Lean manufacturing
- Quick color change
- Growth in emerging markets

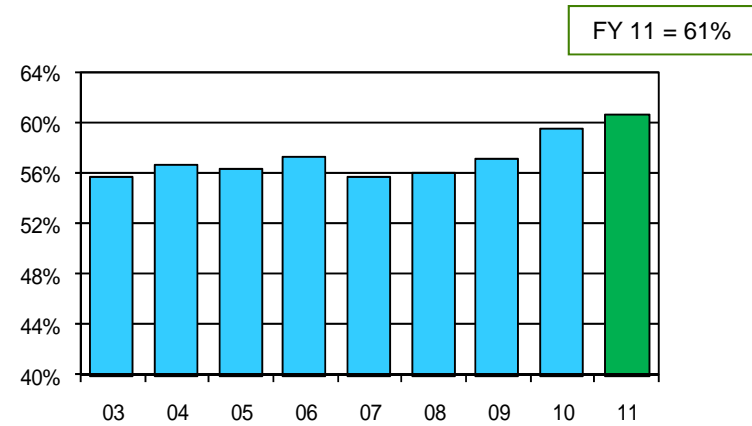


# Financial Highlights

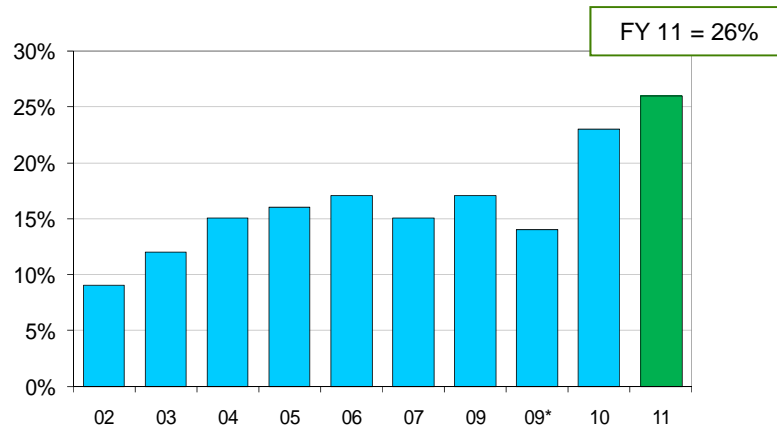
## Consistent Sales Growth



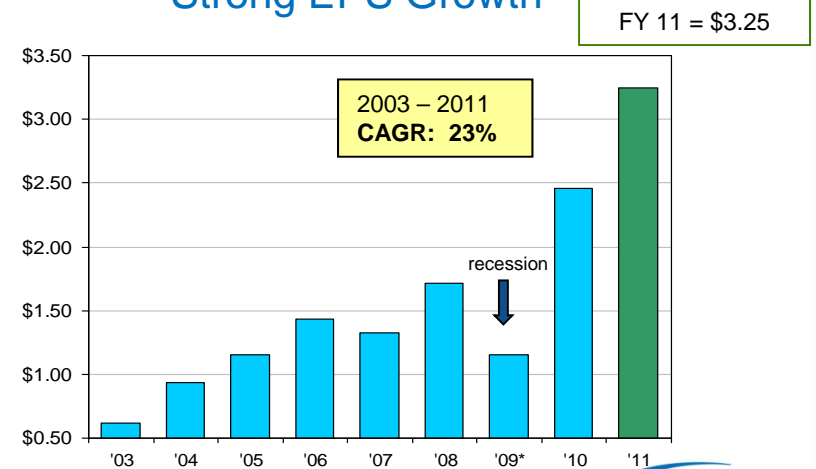
## Industry Leading Gross Margins



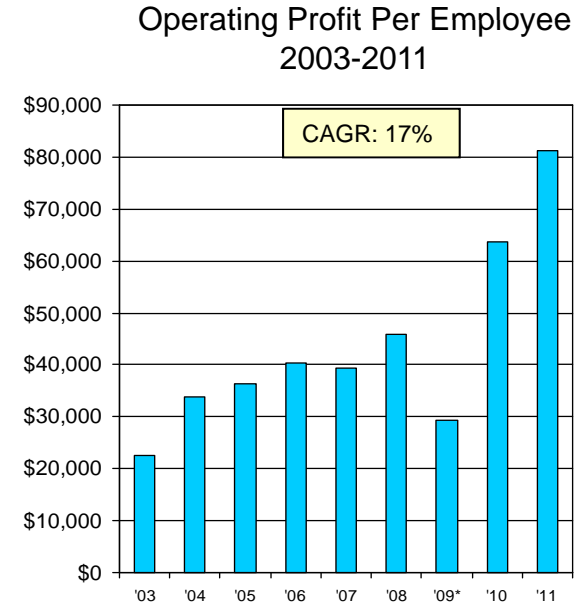
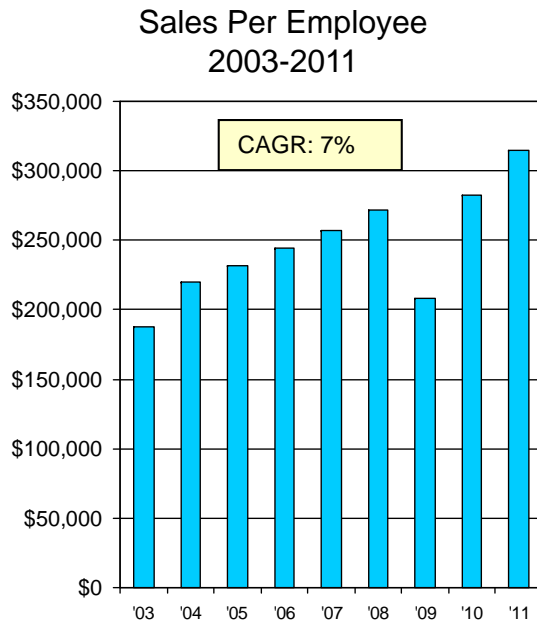
## Strong Operating Margins



## Strong EPS Growth



# Lean Metrics – Continuous Improvement



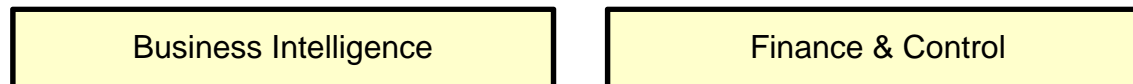
Note: Based on average headcount per year

\*FY09 Op Profit excludes non-cash charges for impairment of goodwill and other long-lived assets.

## Operational Value Streams



## Support Value Streams



Nordson Continuous Improvement efforts focused on five value streams worldwide

# Disciplined Use of Cash

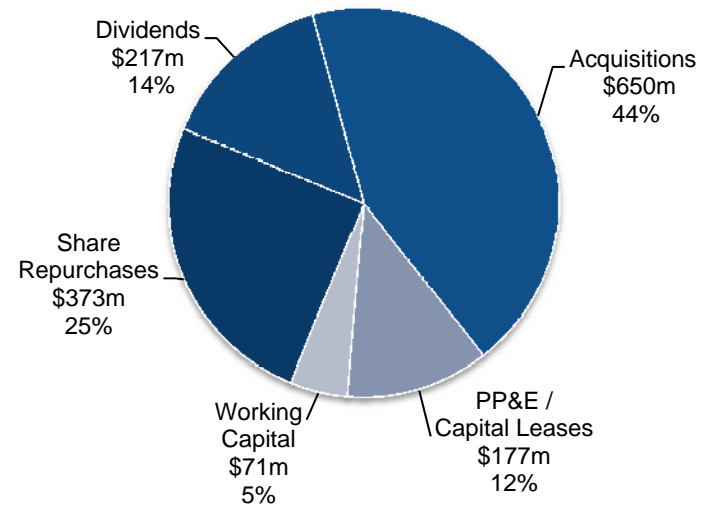
## Cash Flow

- Self funding business model generates excess cash
- Low Working Capital Requirements
- Low Capital Expenditures (approx. 1.5% of sales)
- Strong free cash

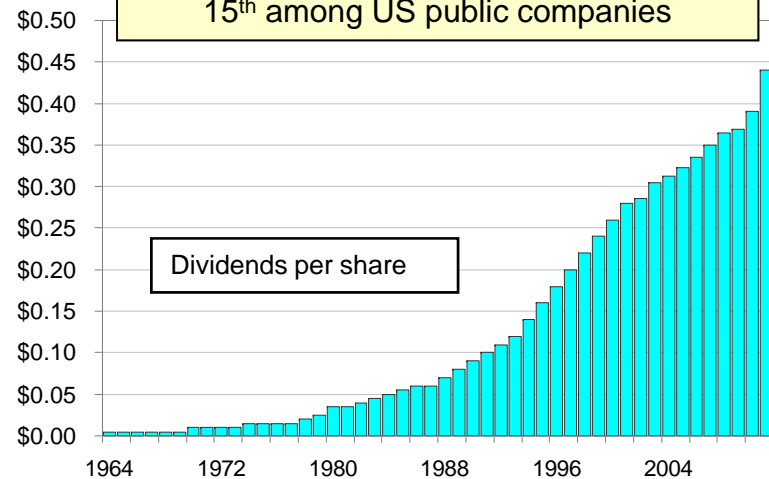
## Cash Deployment

- Organic growth
  - Product/Application development
  - Channel expansion
  - Emerging markets
- Acquisitions
- Dividends/share repurchase

Uses of Cash – 2003 to 2011



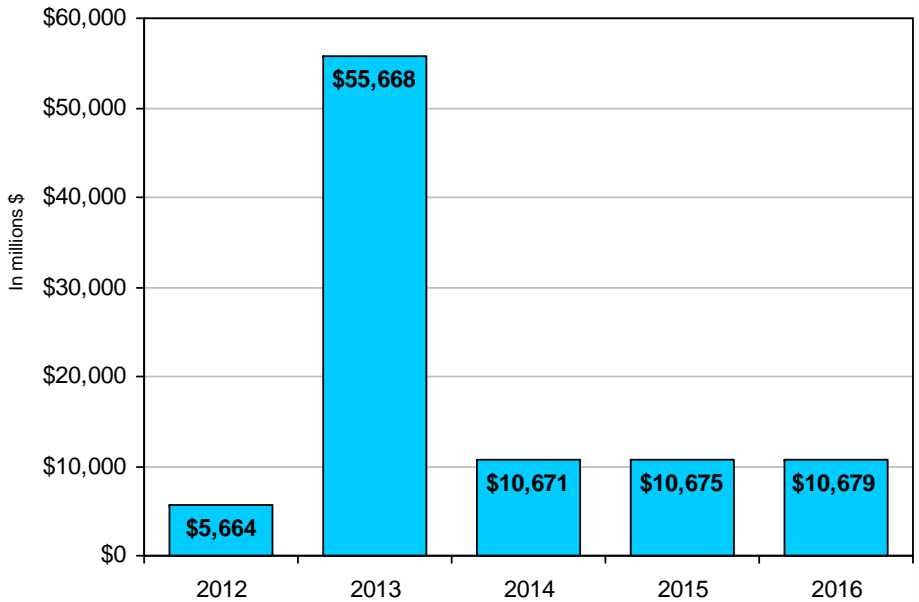
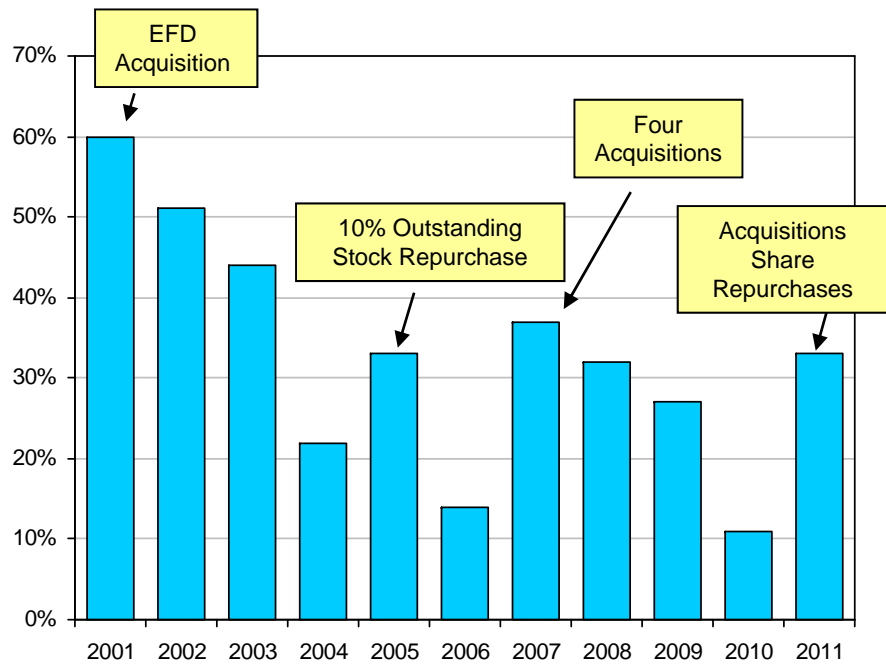
Dividend increased 48 consecutive years  
15<sup>th</sup> among US public companies



# Capital Management

**NET DEBT TO CAPITAL**  
 Strong Cash Generation Lets Nordson De-lever Quickly

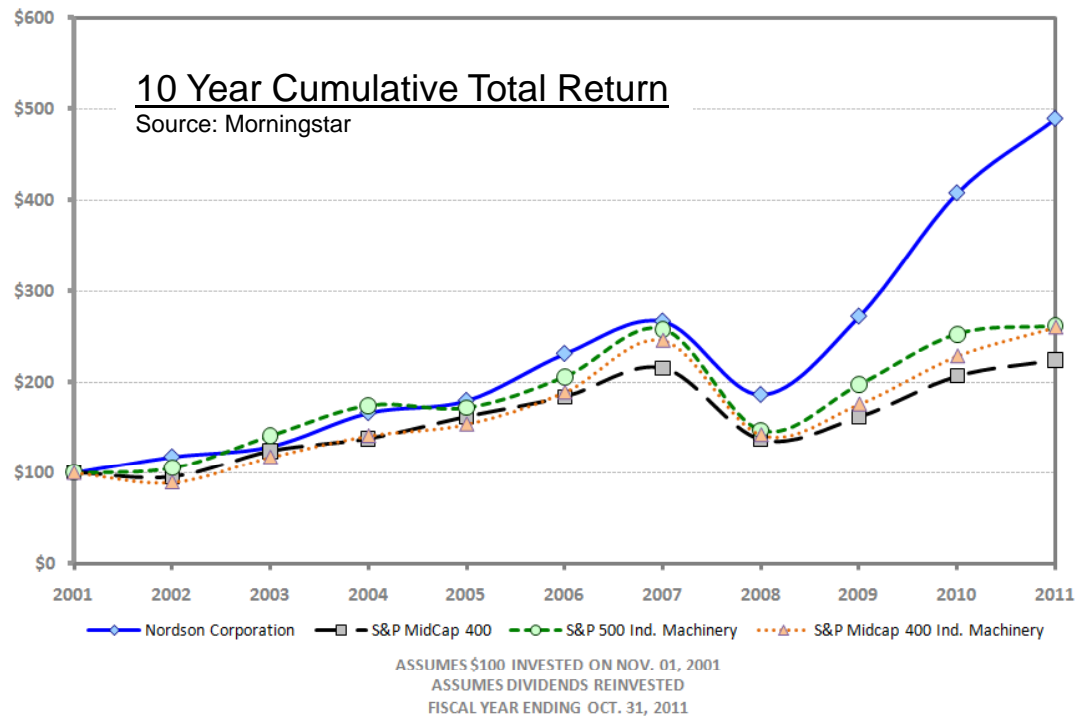
**DEBT MATURITY**



Net Debt to Capital calculated net of cash

# Nordson Outperforms its Peers in Total Shareholder Return

	10 YEAR TSR	5 YEAR TSR	3 YEAR TSR	1 YEAR TSR
<b>NORDSON CORP</b>	<b>16.90%</b>	<b>17.31%</b>	<b>37.92%</b>	<b>19.62%</b>
S&P 400 MIDCAP INDEX	8.24%	4.26%	17.88%	8.64%
S&P 400 INDUSTRIAL MACHINERY INDEX	9.88%	6.82%	22.26%	13.49%
S&P 500 INDUSTRIAL MACHINERY INDEX	9.89%	5.04%	21.02%	3.23%
Bloomberg November 2011				



# Outlook

## 1Q FY 2012 Guidance

- Organic volume growth (4)% to 0%
- Currency +1%
- Acquisitions +3%
- Sales growth 0% to +4%
- Sales dollars \$270 - \$281m
- Earnings per share \$0.54 to \$0.61

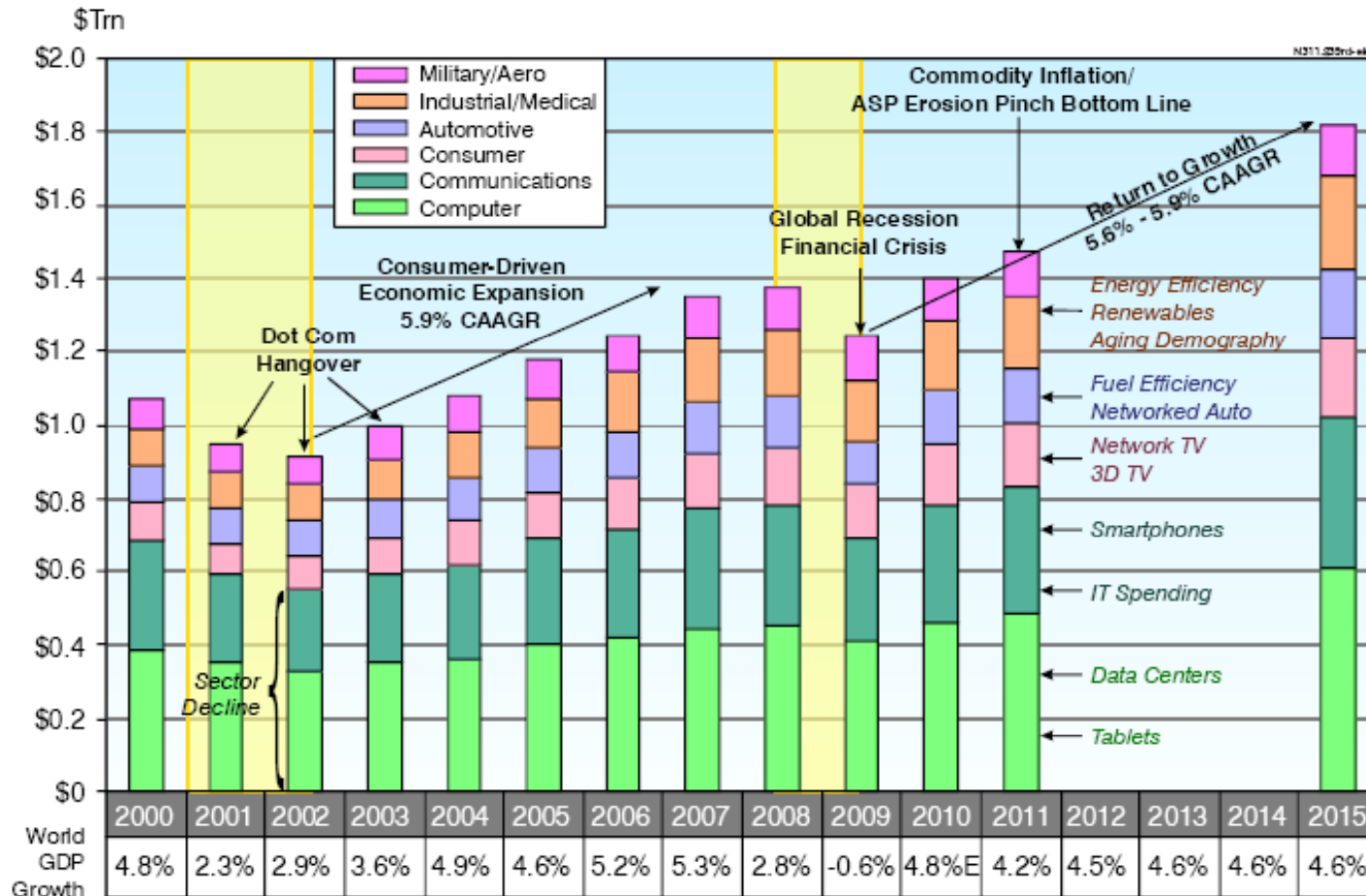
*EPS is inclusive of \$0.03 in one time charges related to short-term purchase accounting and restructuring*

- *Source: December 14, 2011 press release*

# Electronics End Market Growth

5.9% CAGR punctuated by flat to down periods every five to seven years

A HISTORY AND FORECAST OF THE ELECTRONICS INDUSTRY



Nordson has opportunity to grow faster based on participation in specific niches



# Nordson is Critical to Fastest Growing Electronics Niches

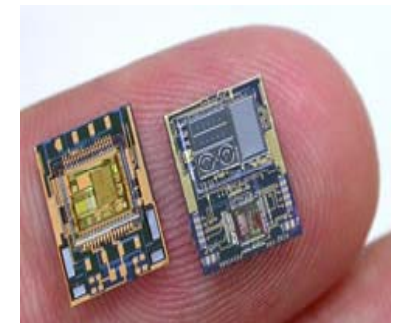
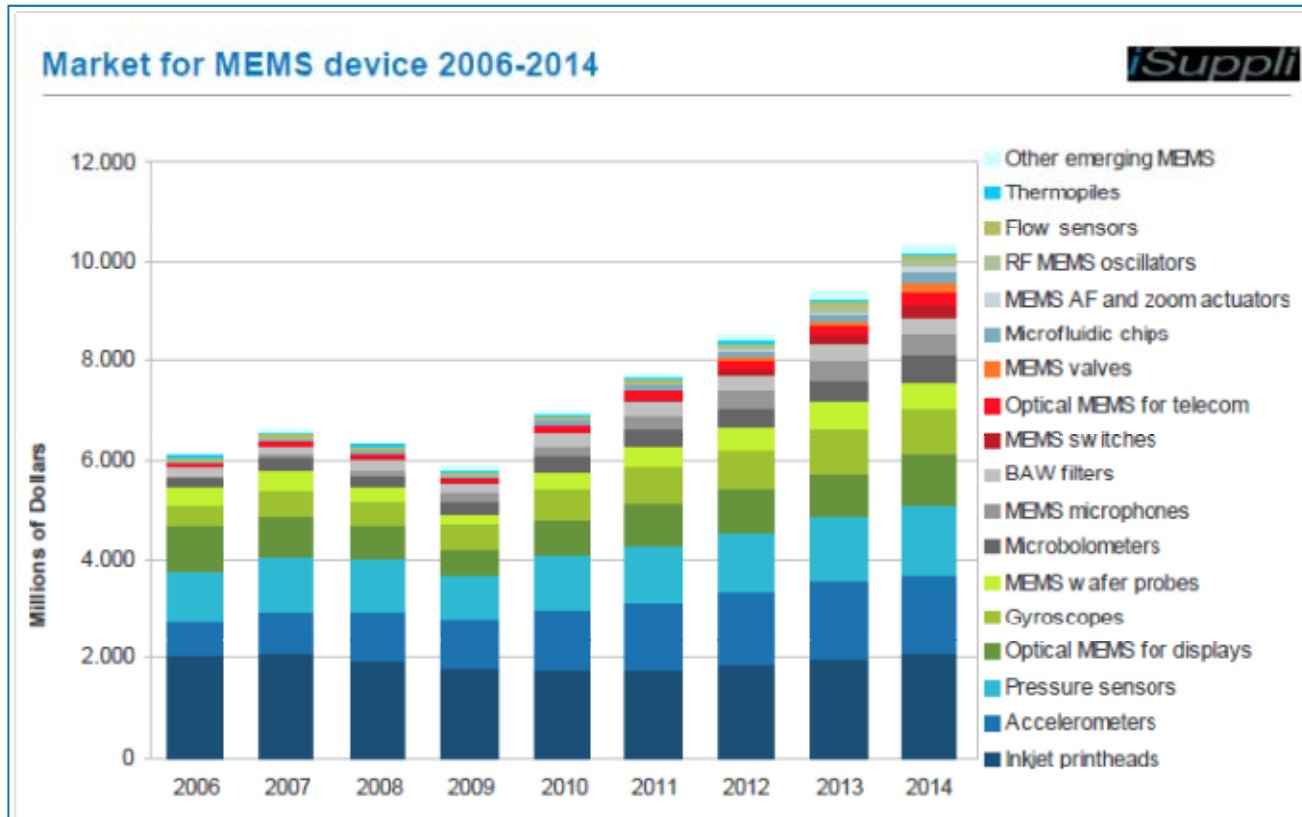


(M Units)	2009	2010	2011 (F)	2015 (F)	CAAGR (2010-2015)
Mobile Handsets (Smartphone)	1,385 (175)	1,570 (300)	1,720 (420)	2150 (1,000)	6.5% (27%)
MP3/PMP Players (Video Capable)	110 (40)	105 (45)	100 (50)	90 (55)	-3% (4%)
Notebook PCs	169	205	230	350	12%
Media Tablet	1.4	18	55	150	53%
Desktop PCs (PC Server)	133 (8)	145 (10)	150 (11)	160 (14)	2% (7%)
Digital Cameras	110	120	130	145	4%
Camcorders	22	23	24	25	2%
Set-Top Box/PVR	200	205	215	250	4%
Flat Panel TVs	145	210	225	300	7%
LCD Monitors	140	152	158	168	2%
Portable GPS	35	35	33	30	-3%
Game Consoles	50	48	45	61	5%
Portable Game Consoles	50	40	50	54	6%

Note: Values in parentheses are subsets of total

Nordson opportunities in dispensing, test/inspection, plasma treatment

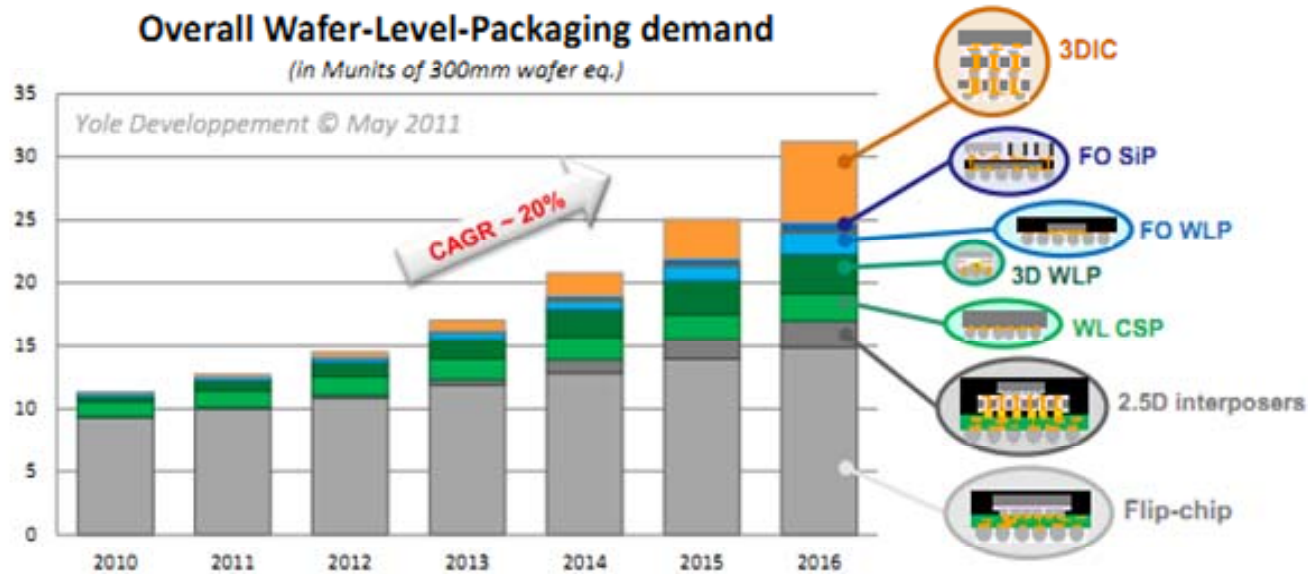
# Growth: MEMS Market Trend



Nordson opportunities in dispensing, test/inspection, plasma treatment

# Growth: Wafer Level Packaging Trend

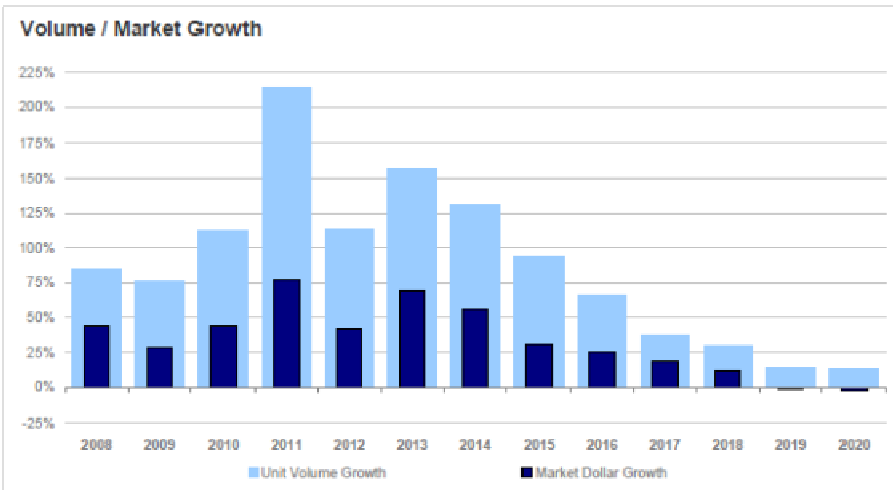
More Complex Architectures Require Nordson Technology



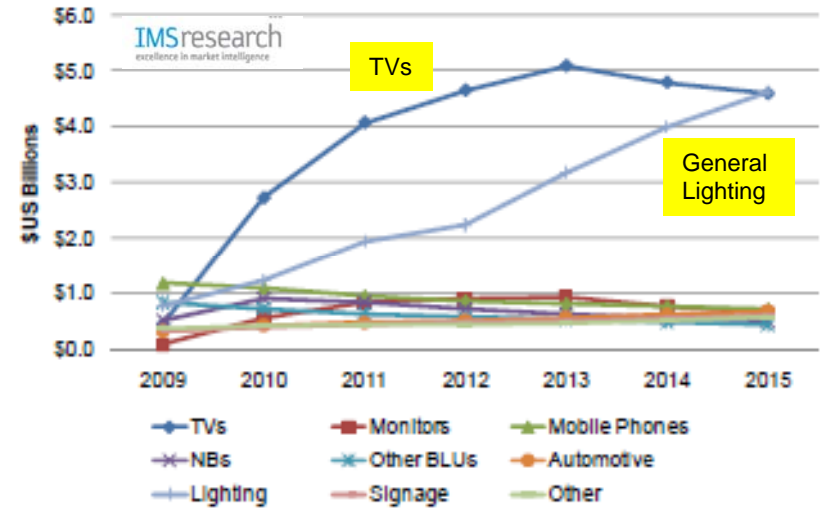
- Flip Chip Underfill – Nordson is world leader
- Flux Dispense
- Thermal Compound Dispense
- Lid Sealant Dispense

- Solder Paste
- Plasma Surface Treatment
- X-Ray Inspection
- Automated Optical Inspection

# Growth: High Brightness LEDs Market Trend






Source: Morgan Stanley Research



Nov 22, 2011 - Nordson ASYMTEK Wins Global Technology Award in the LED Production Equipment Category

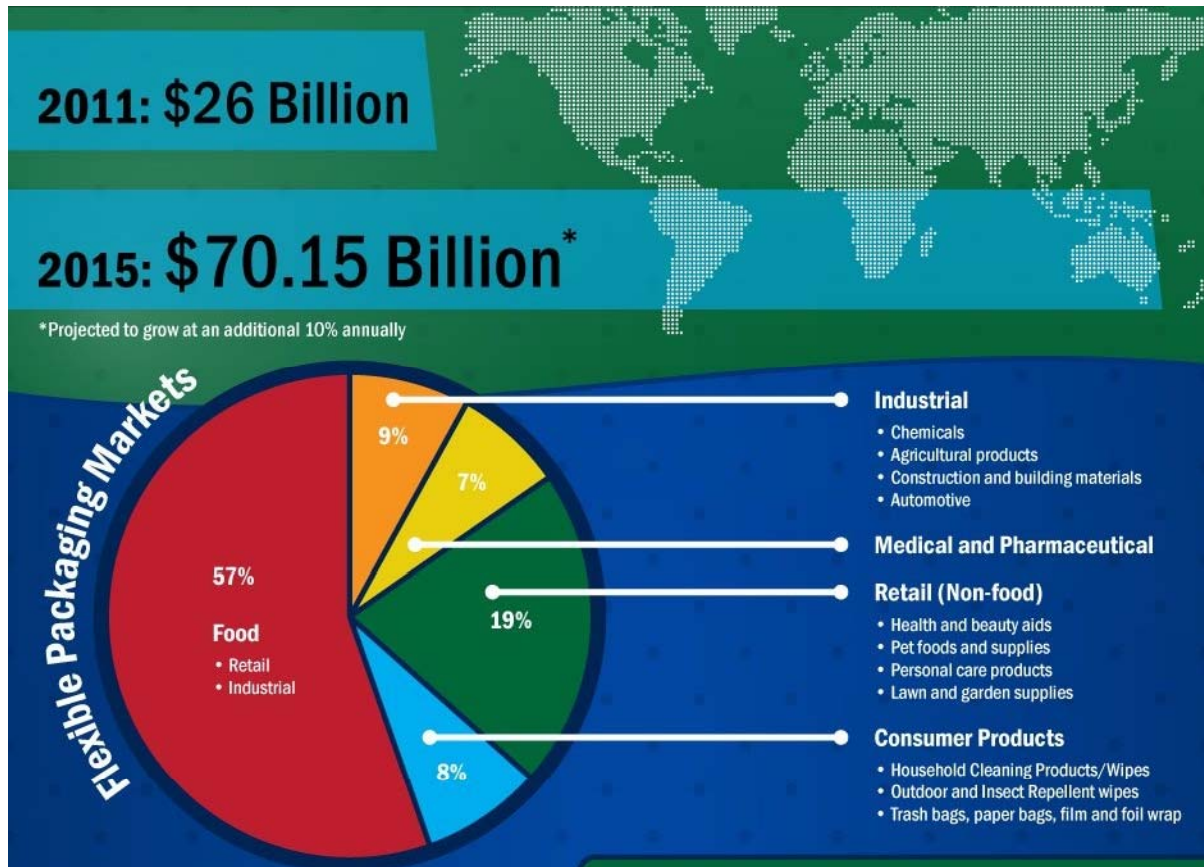
Nordson opportunities in dispensing, test/inspection, plasma treatment

# Consumer Non-durables Growth: Nonwovens in Emerging Markets

		China 	India 	Brazil 
Population (% of world)		1.3 billion (19%)	1.17 billion (17%)	0.2 billion (3%)
GDP Per Capita		\$8,390	\$3,750	\$11,870
Feminine Hygiene	Women Age 12-49	395 million	336 million	60 million
	Potential, units	118 billion	100 billion	18 billion
	Market Penetration	73%	20%	50%
Baby Diaper	Infant Population	39 million	60 million	8.9 million
	Potential, units	71 billion	108 billion	16.3 billion
	Market Penetration	20%	10%	61%

Source: John R. Starr, Inc. Management Consultants Feb 2011

# Growth: Flexible Packaging Market



Source: Flexible Packaging Association, Whitlam Label Company, 2011



# Growth: Medical

## Biomaterial Dispensing

- Dispensing syringes and components
- Bleeding control
- Wound healing
- Bone graft material
- Aesthetic devices

## Medical Device Fluid Control

- Fittings & components
- Anesthesia equipment
- Cardiovascular surgery equipment
- Blood management equipment

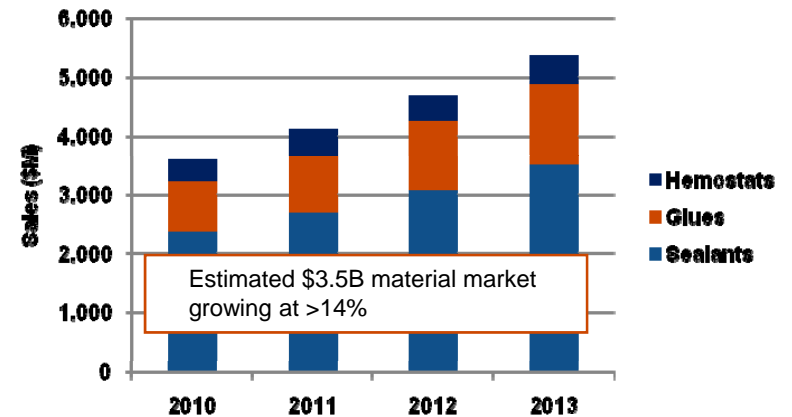
## Medical Device Assembly

- Hearing Aids, Pacemakers
- Catheters, Stents
- Dental
- Glucose Test Strips
- Medical Electronics



Advanced Technology  
segment

Bio Material Dispensing Forecast

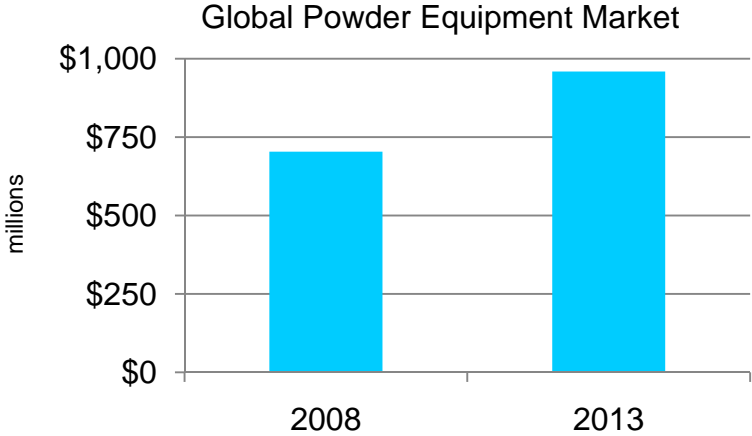


Source: MedMarket Diligence Market Research



# Growth Drivers: Powder Coating

<b>Growth in Standard of Living in Emerging Markets</b>
Demand for durable goods
<b>Productivity &amp; Profitability</b>
Color change time improvement
Line speed increase & up time
Material savings
Quality of finish
Customization
<b>Environmental Concerns</b>
Emission reduction - no solvents
Ability to recycle unused powder



Source: Powder Coating Institute, BCC Research and Nordson



## Growth: Asia Pacific Sales 2006 to 2011

- Company's 42nd year of operation in Asia
- Direct in China for 16 years
- Percent of total revenue:
  - 2006: 16%
  - 2011: 26%



### Asia Pacific Revenue

**17% CAGR  
2006-2011**

# Acquisitive Growth – Three Transactions in FY2011



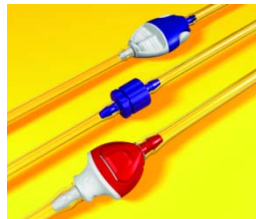
## **Micromedics** Nov 2010

- Leader in biomaterial application – medical space
- Precision plastic consumables
- Global expansion opportunity via Nordson



## **VERBRUGGEN** June 2011

- Entry into adjacent and growing flexible packaging market
- A leading maker of precision dies and extrusion equipment
- Global expansion opportunity via Nordson



## **VALUE PLASTICS, INC.** Sept 2011 SPECIALISTS IN FLUID CONNECTIONS™

- High growth, high margin consumables
- Precision plastic fluid management components
- Leader in medical device markets
- Global and industrial expansion via Nordson



# Where Are We Headed in 2012 – Building on Excellence

....Maintain momentum of 2011, with

- Even more emphasis on M&A and organizational development
- Balanced by prudence in the face of more uncertainty

## Priorities

Technology

- Enhance / Protect the Core
- Further Penetrate Emerging markets
- Pursue Market Adjacencies
- Further Optimize Business
- Enhance / Expand Organizational Capability

Continue to deliver top quartile performance  
for our shareholders

# Appendix: Currency and Annual Sales Growth

