



NASDAQ: NDSN  
Nordson Corporation

# Fundamental Analysis



**The Globetrotting Investor**  
Ben, MBA | Value Investing



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# Introduction

GICS Sector: Industrials

Sub-industry: Specialty Industrial Machinery



CEO: Naga Nagarajan

Tenure: 4.4 years

Nordson Corporation's management team has an average tenure of **3.3 years**. It is considered experienced.

## Business Overview:

- Nordson Corporation is a diversified precision technology company that engineers, manufactures and markets differentiated products and systems used to dispense, apply and control adhesives and other fluids, to test and inspect for quality, and to treat and cure surfaces.
- The company's technology is used in diverse manufacturing facilities for consumer durable, consumer non-durable, medical, and technology markets, serving a broad customer base across various industries and regions.
- Nordson has three operating segments: Industrial Precision Solutions, Medical and Fluid Solutions, and Advanced Technology Solutions.
- Please visit my website to understand the different segments.



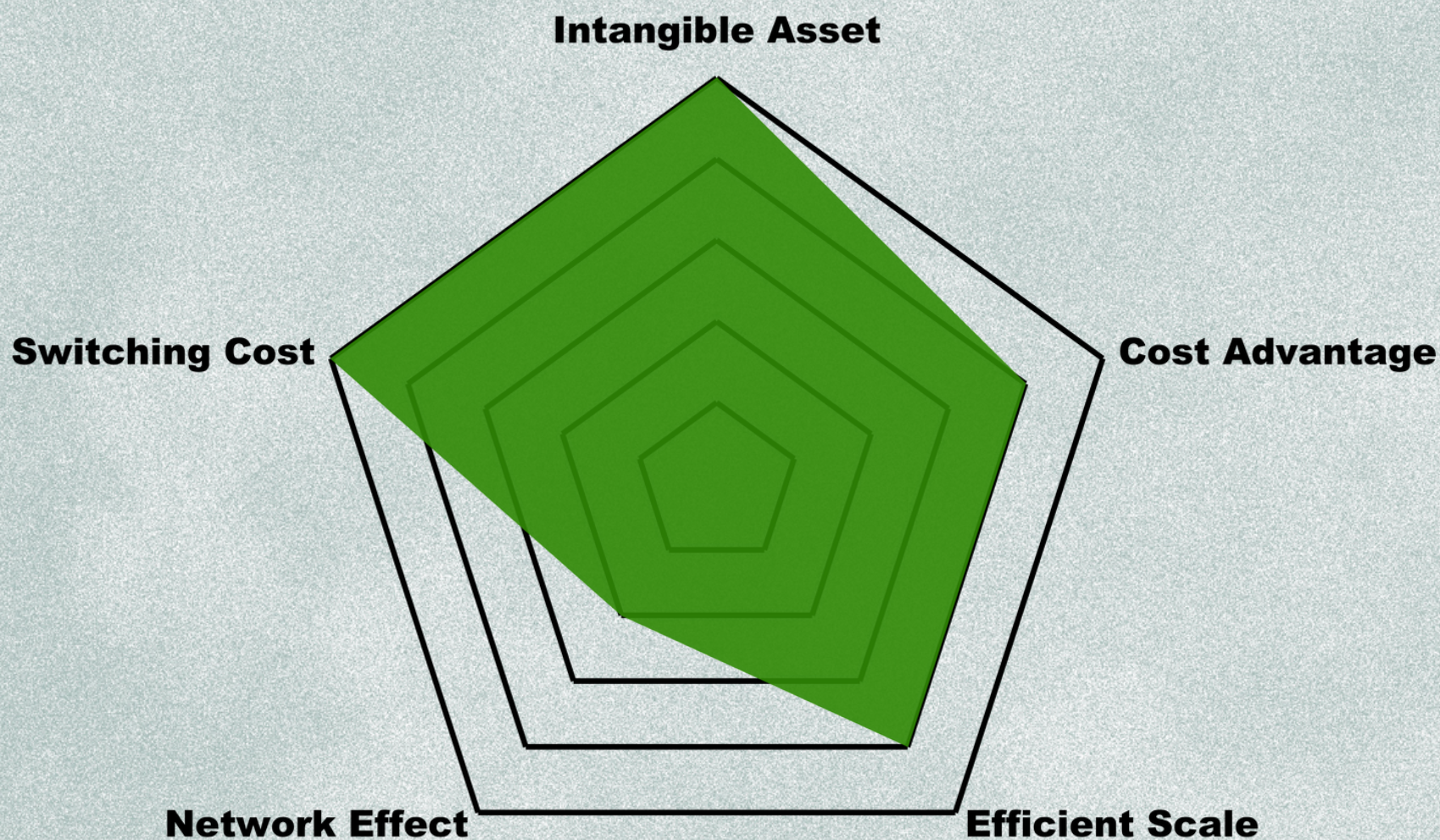
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# Economic Moat



Economic moat: **Narrow**

There are many ways to identify a company's economic moat, but I focus on the above 5 types. The rating is purely subjective, and it is based on my in-depth understanding and analysis of the company.



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# Performance

	Yes	Inconsistent	No
Revenue growing YoY for the past 5 years consistently?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Net income growing YoY for the past 5 years consistently?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Cash flow from operating activities growing YoY for the past 5 years consistently?	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Free cash flow is positive for the past 5 years?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Gross margin % is consistent/growing for the past 5 years?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
EPS growing for the past 5 years?	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>





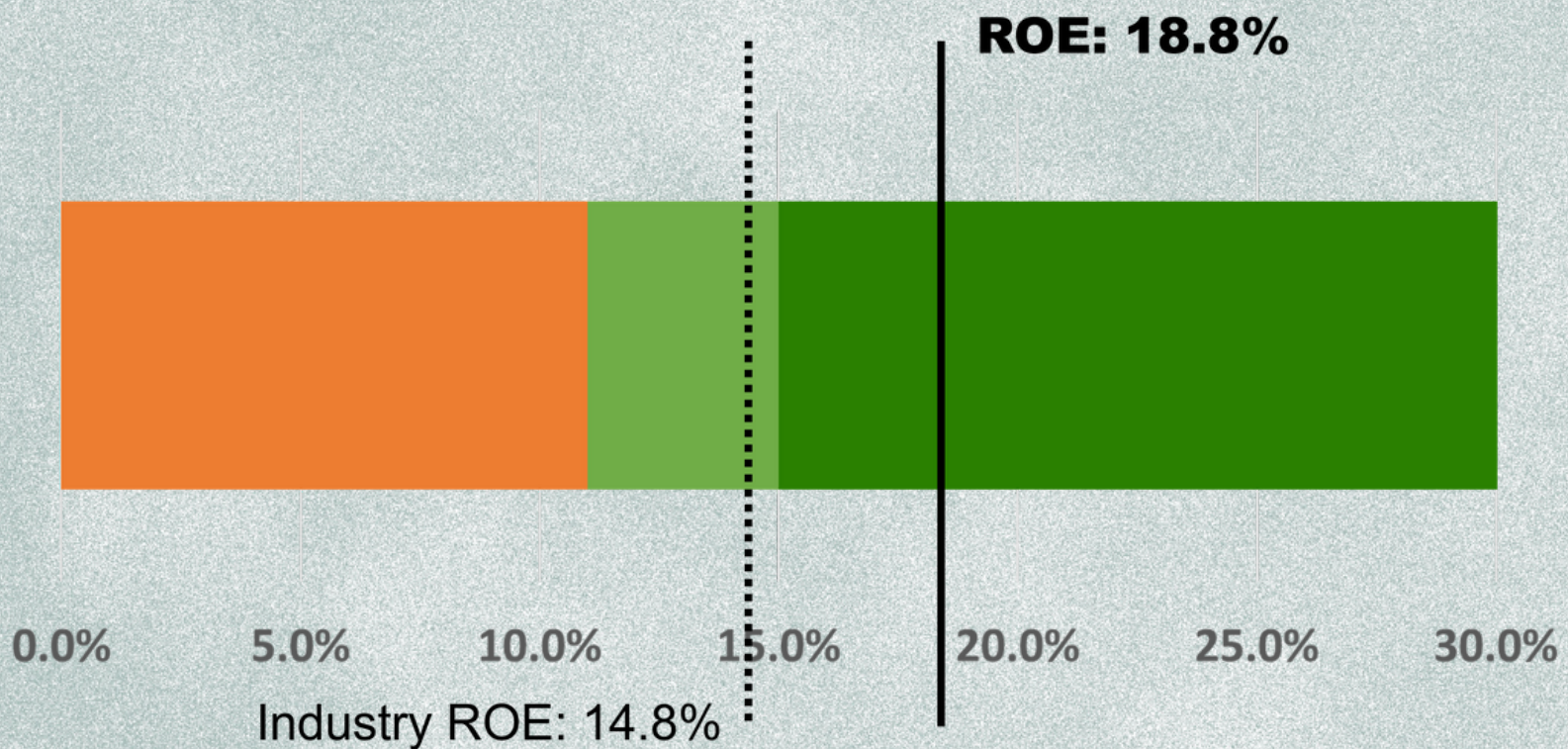
# Management Effectiveness

Yes

Inconsistent

No

ROE is consistently at 12%-15% YoY for the past 5 years?



ROIC is consistently at 12%-15% YoY for the past 5 years?

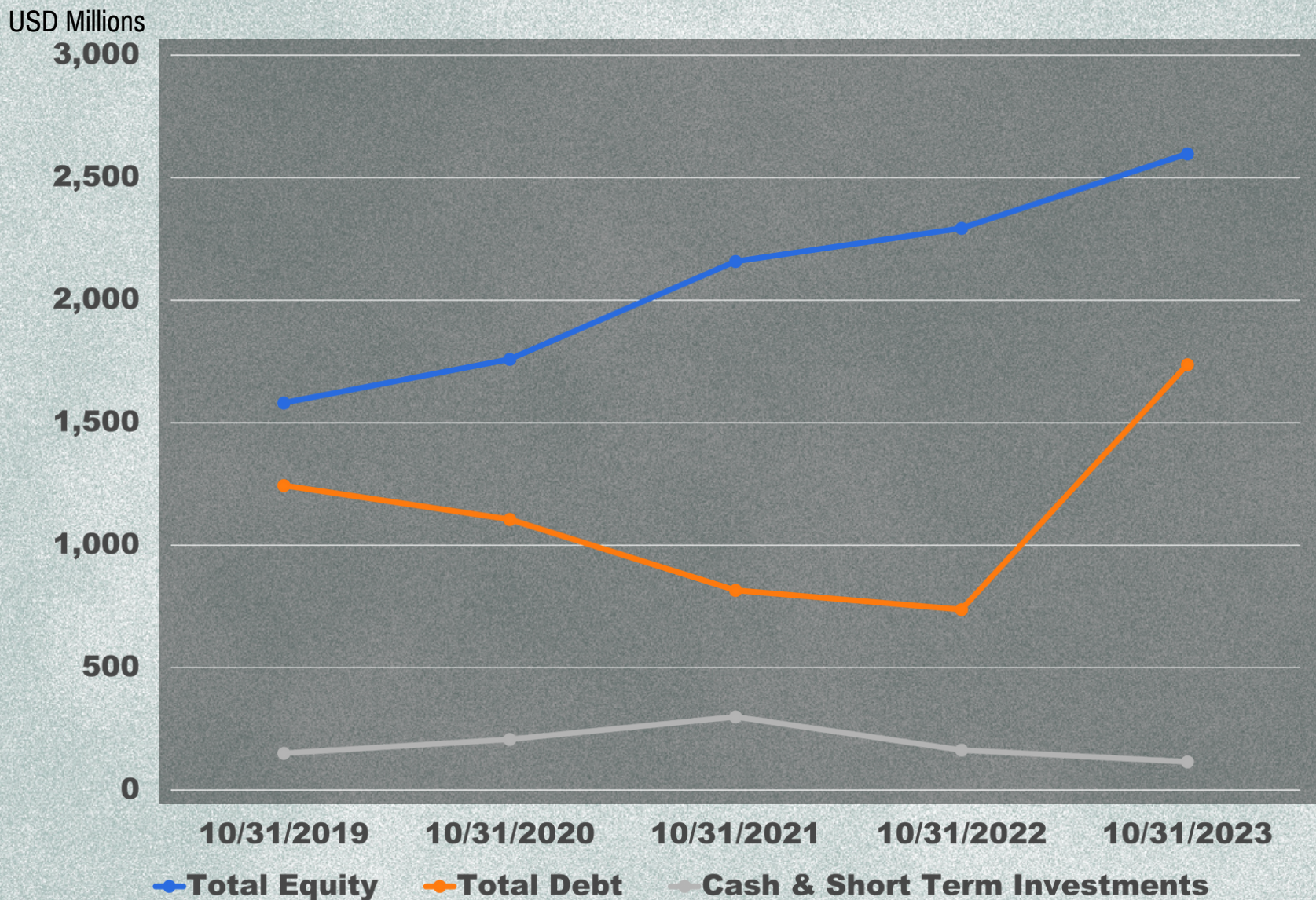


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# Financial Health



Current Ratio: 2.1



Debt-to-EBITDA: 2.4



Interest Coverage: 11.3



Debt Servicing Ratio: 8.9%



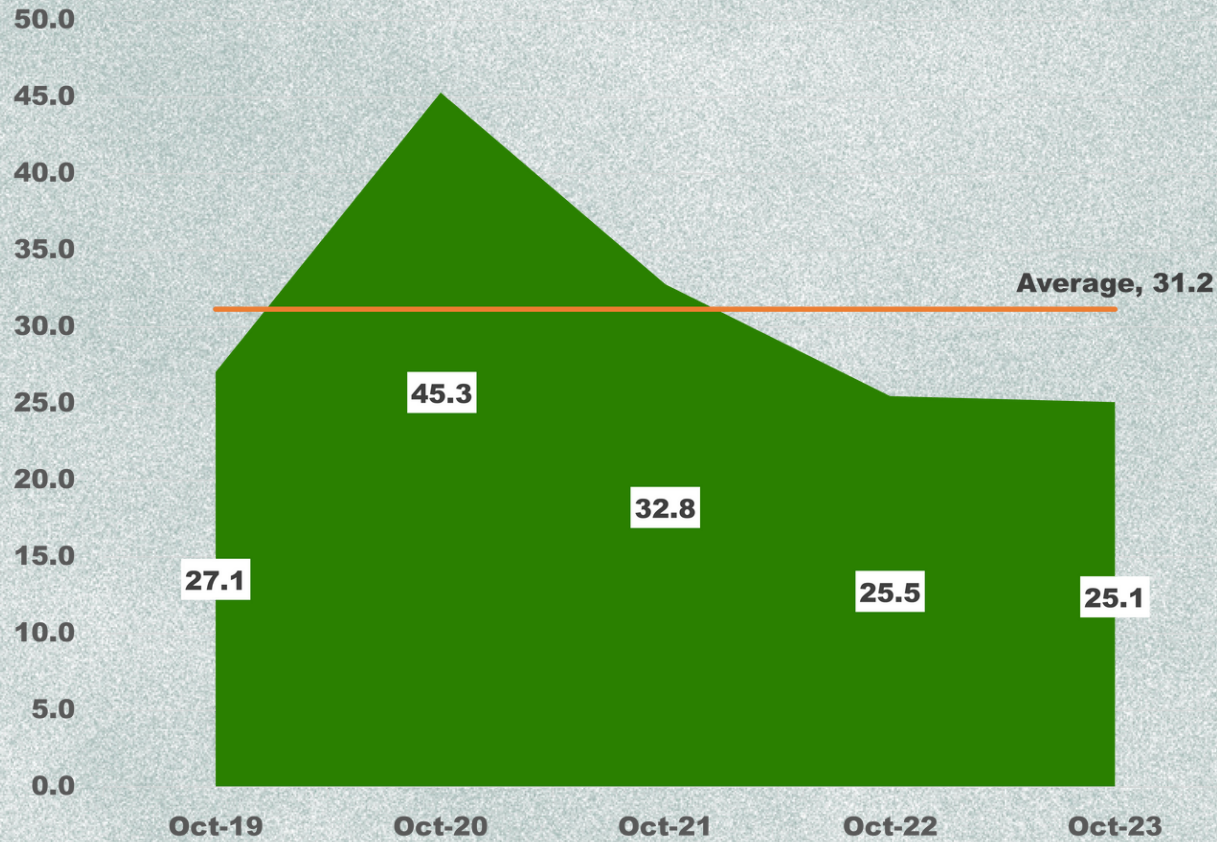
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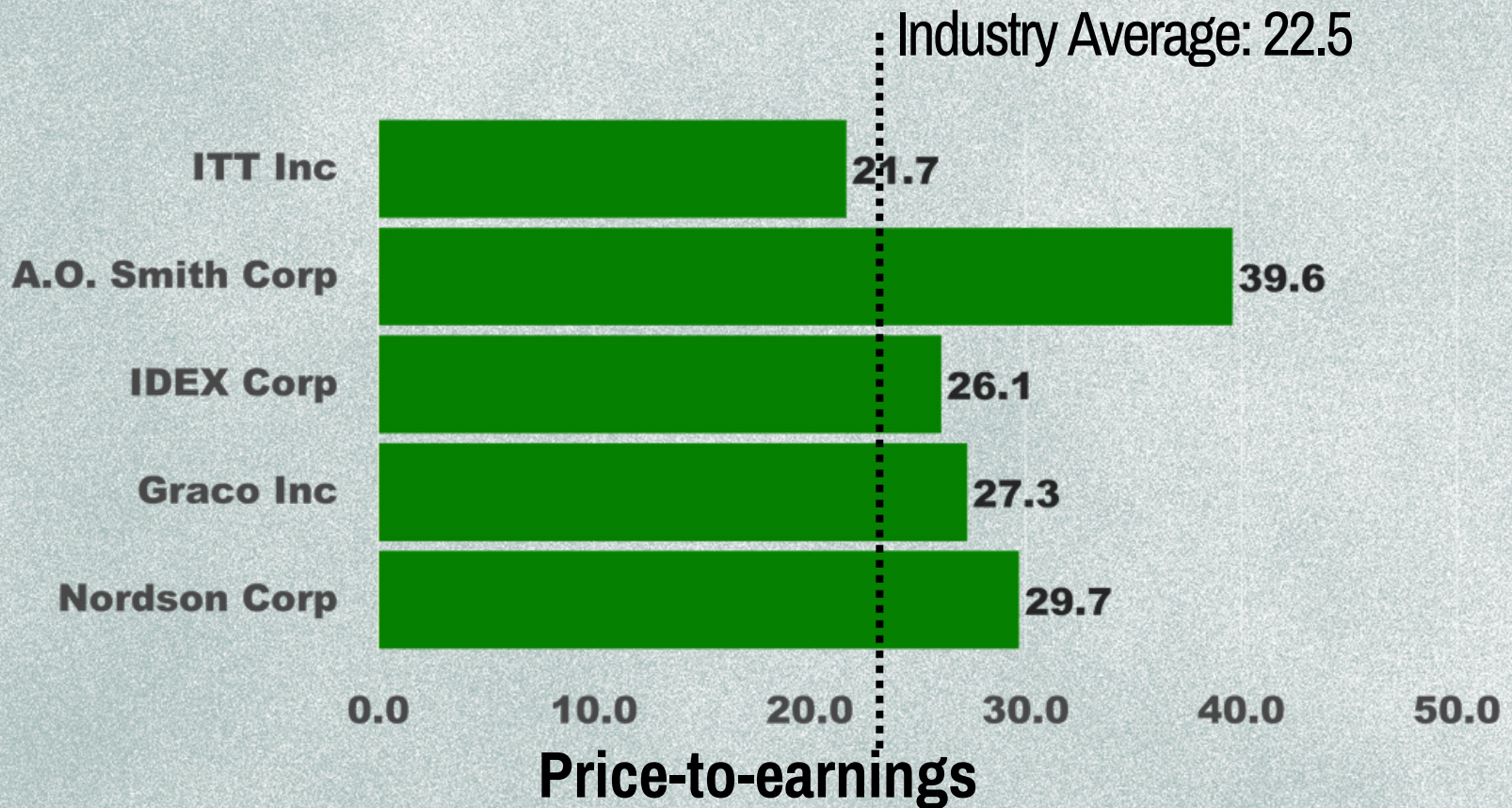
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# Relative Valuation



Historical Price-to-earnings



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# Intrinsic Valuation

Estimated intrinsic value: **\$149.45**

Value is calculated using discounted cash flow method (taking into account their cash and debt) and scenario planning.

Average free cash flow used: USD\$510M

Projected growth rate: 7% - 10%

Beta: 1.0

Discount rate: 8.0%

Date of calculation: 5 Jan 2024

Estimated intrinsic value of  
Nordson Corporation

**\$149.45** \$202.57 \$265.99  
52 weeks range



Uncertainty: Mid

**35% Margin of Safety**

Price range after the  
margin of safety

**<\$97.00**

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