



# Investor Presentation

**August 21, 2025**

Nasdaq: NDSN



# 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 these 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, including new or increased tariffs or trade restrictions; the effects of changes in tax law; and the possible effects of events beyond our control, such as political unrest, conflicts or wars between sovereign nations, acts of terror, natural disasters and pandemics, 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.



Nordson is a growth compounder with unique competitive advantages

Company Founded

**1954**

2024 Revenue

**\$2.7B**

2024 EBITDA%

**32%**

Employees

**8,000+**

Countries with  
Direct Presence

**35+**



# By the Numbers

Consistent Record  
of Growth

**6%**

Sales Growth

Demonstrated  
Value to  
Customers

**55%**

Gross Margins

Disciplined focus  
on profitability

**30%+**

EBITDA Margins

Solid Returns

**13%**

ROIC

Differentiated  
Product Portfolio\*

**2,100+**

Global Patents  
Held

Consistent value to  
shareholders

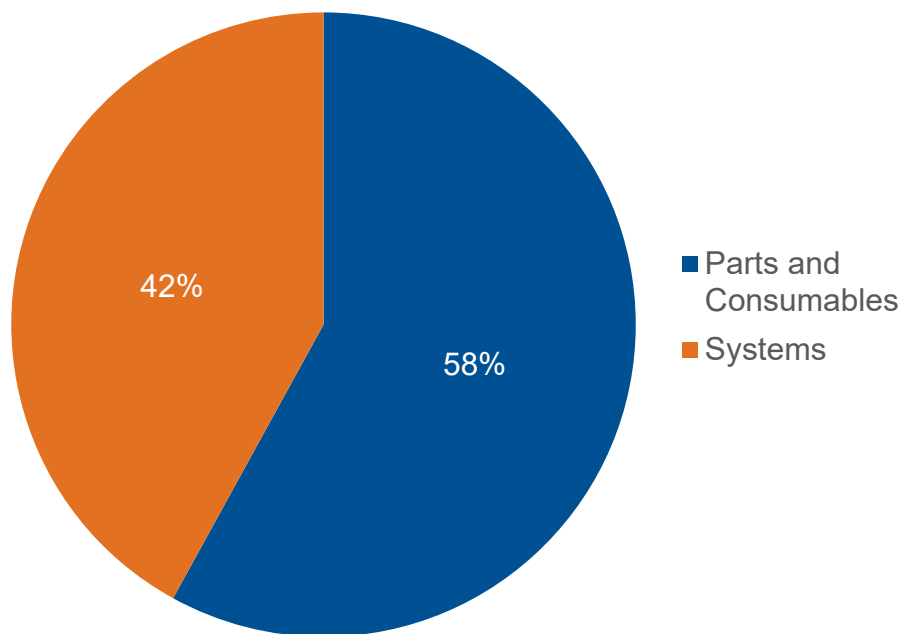
**61 yrs.**

of Annual  
Dividend  
Increases

# Diversified Sources of Sales

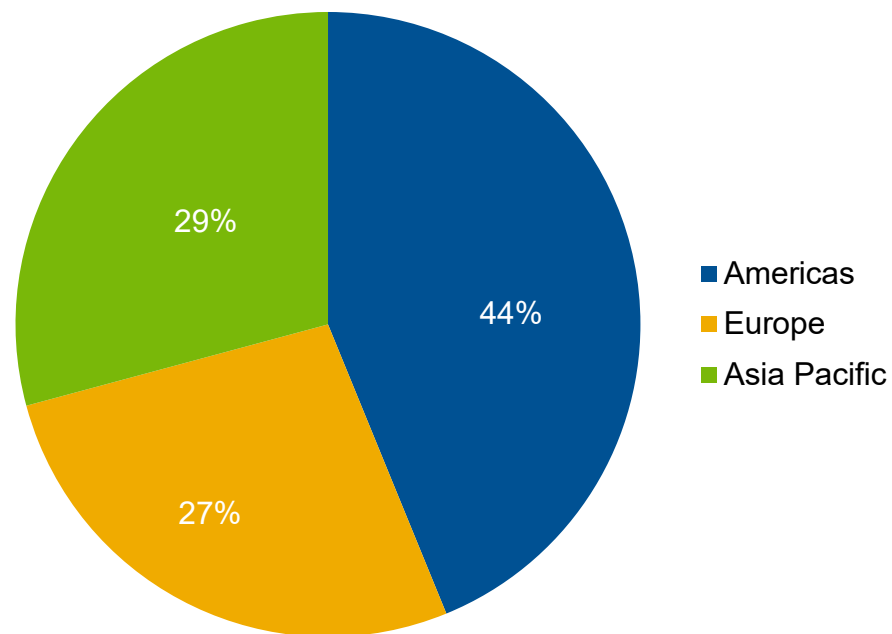
FY2024 Profile - \$2.7 Billion

## Product Type



High percentage of recurring sales from parts and consumables.

## Geographies



Diversified geographic footprint. Direct presence in over 35 countries.

# Diversified End Markets



- Balloons, extrusions, delivery catheters and other minimally invasive devices
- Single-use fittings, connectors, fluid transfer components in medical equipment and surgical procedures
- Single-use specialty cannula for cardio-pulmonary procedures

- Semiconductor packaging
- Wafer-level packaging
- Printed circuit boards
- Electronic component assembly – mobile phone, camera, ear buds, PC
- Automotive electronics

- Box sealing
- Baby diapers
- Convenience food packaging
- Beverage straw and spot attachment
- Container and bottle labeling

- Construction and industrial machinery
- Rigid container
- Aerospace
- Chemical
- Defense
- Energy

- Consumer durable
- Automotive
- Animal health and delivery systems



# How We Are Organized



## INDUSTRIAL PRECISION SOLUTIONS

Adhesives, Industrial Coatings,  
Measurement and Control Solutions & Polymer Processing Systems

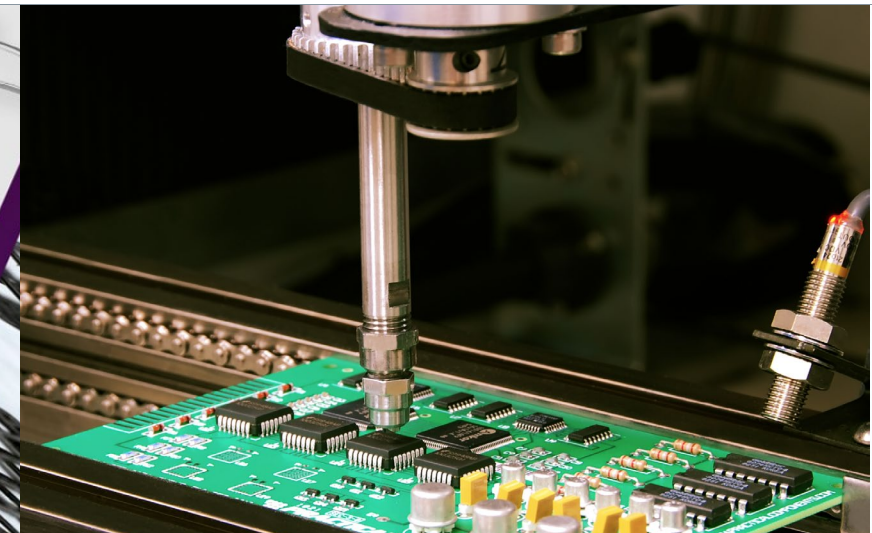
**55%**  
REVENUE



## MEDICAL FLUID SOLUTIONS

Interventional Solutions, Fluid Components  
& Engineered Fluid Dispensing

**26%**  
REVENUE



## ADVANCED TECHNOLOGY SOLUTIONS

Electronic Processing Systems  
& Test and Inspection

**19%**  
REVENUE

# Industrial Precision Solutions (IPS)

**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.

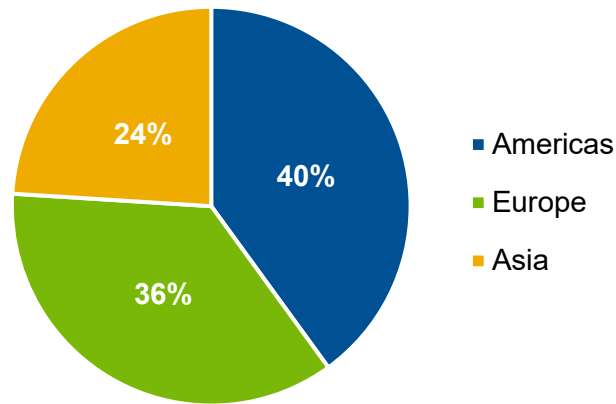
Fiscal 2024 Revenue

**\$1.4M**

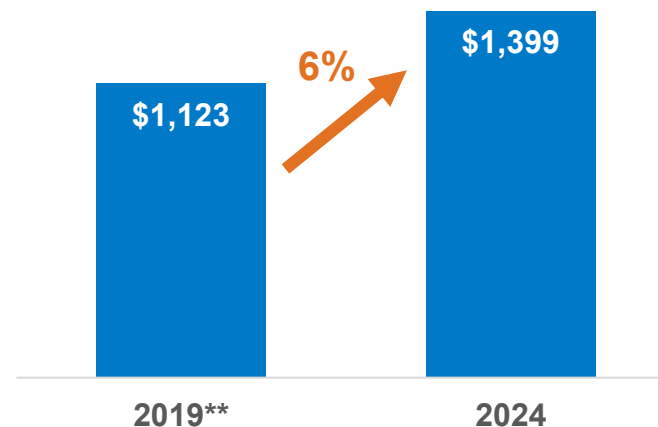
Fiscal 2024 EBITDA

**37%**

Geographic Diversification



Historical 5 Yr. Sales CAGR



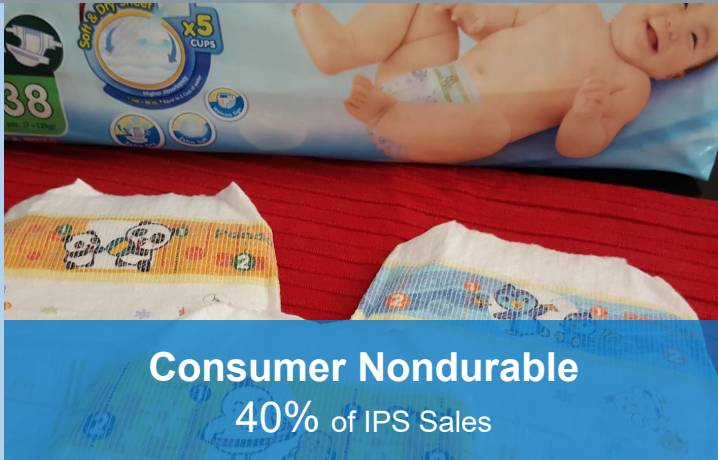
## Strategic Focus

- New applications for secular trends, including electric vehicle battery, advanced packaging, automotive electronics and solar
- Material, machinery and process innovations
- Leverage aftermarket opportunity with the large systems installed base



# IPS End Markets

## % of Revenue / Applications / Growth Rates



- Corrugated and carton packaging
- Food and beverage packaging
- Disposable hygiene
- Disposable medical garments

Market Growth Rate

**1-3%**



- Industrial manufacturing machinery
- Plastic processing and recycling
- Metallic container and can coating
- Building and construction

Market Growth Rate

**1-3%**



- Consumer durable (appliance / wood)
- Agricultural
- Automotive
- Solar and electric battery

Market Growth Rate

**2-4%**

# Medical Fluid Solutions (MFS)

**What We Do:** Fluid management solutions for medical, high-tech industrial and other diverse end markets. Related plastic tubing, balloons, catheters, syringes, cartridges, tips, and fluid connection components are used to dispense or control fluids within customers' medical devices or products, as well as production processes.

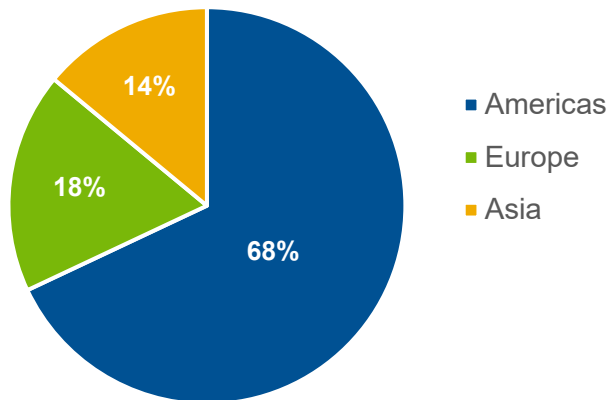
Fiscal 2024 Revenue

**\$696M**

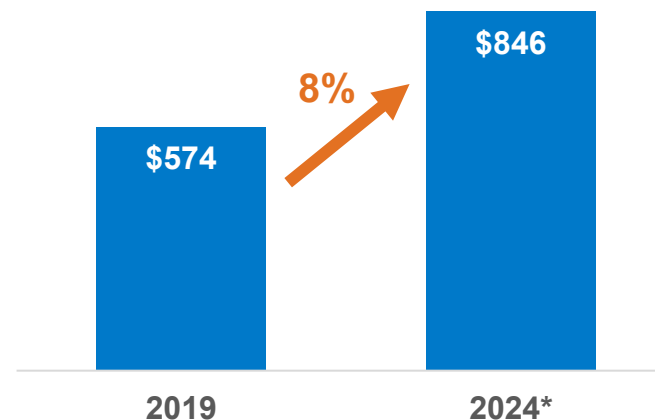
Fiscal 2024 EBITDA

**37%**

Geographic Diversification



Historical 5 Yr. Sales CAGR  
(including 2024 Atrion acquisition)\*



\*2024 includes Atrion acquisition contribution

## Strategic Focus

- Differentiated single-use component solutions and devices:
  - Surgical solutions, including minimally invasive
  - Medical fluid management components
  - Medical device manufacturing
  - Industrial technologies
- Driving growth through differentiated products in defined market niches
- Scaling through M&A, both platform and technology tuck-in



# MFS End Markets

% of Revenue / Applications / Growth Rates



**Specialty Medical**  
40% of MFS Sales

Surgical, ECMO, Biopharma, Patient Care,  
Animal Health and Device Manufacturing

Market Growth Rate

**5-7%**



**Minimally Invasive Surgical**  
36% of MFS Sales

Cardiovascular, Structural Heart, Neurovascular  
and Gastroenterology

Market Growth Rate

**8%+**



**Industrial Technology**  
24% of MFS Sales

Electronics and Wireless, EV, Industrial,  
Aviation and Marine Safety

Market Growth Rate

**3-4%**



# Advanced Technology Solutions (ATS)

**What We Do:** Design and develop proprietary technologies found in progressive stages of an electronics customer's production processes, such as surface treatment, precisely controlled dispensing of material and test, inspection and measurement to ensure quality and reliability.

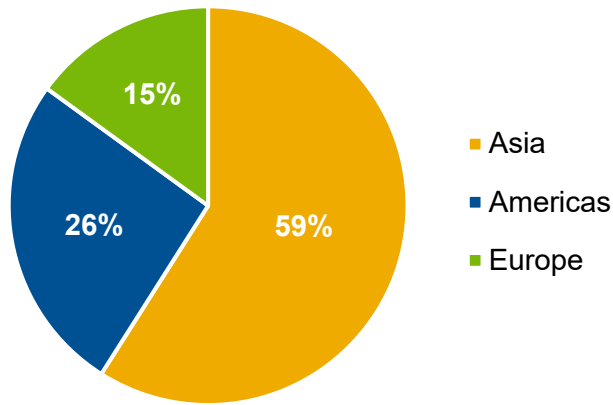
Fiscal 2024 Revenue

**\$596M**

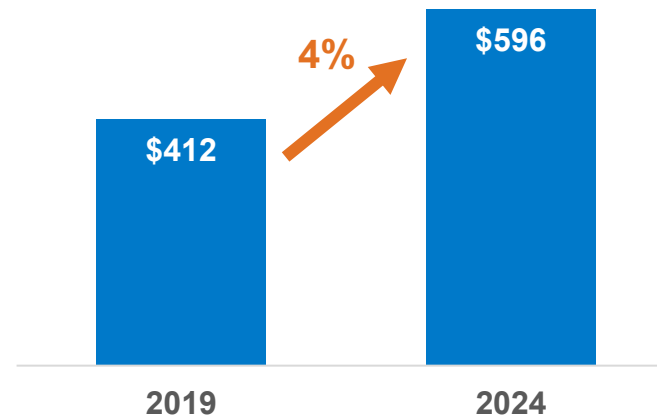
Fiscal 2024 EBITDA

**22%**

Geographic Diversification



Historical 5 Yr. Sales CAGR



## Strategic Focus

- Semiconductor front-end manufacturing process
- Semiconductor advanced packaging process
- Automotive electronics market
- Deploy NBS Next to expand our margins and position us for growth

# ATS End Markets

## % of Revenue / Applications / Growth Rates



**Semiconductors**  
50% of ATS Sales

- Process control for wafer processing
- Wafer level and chip level inspection and metrology
- Underfill dispense for advanced packaging

Market Growth Rate

**6-8%**



**Automotive Electronics**  
14% of ATS Sales

- PCBA inspection and metrology for solder paste and component placement
- Precision dispense for surface mount applications
- Conformal coating of PCBA

Market Growth Rate

**6-8%**



**General Electronics**  
36% of ATS Sales

- PCBA inspection and metrology for solder paste and component placement
- Precision dispense for surface mount applications

Market Growth Rate

**3-5%**

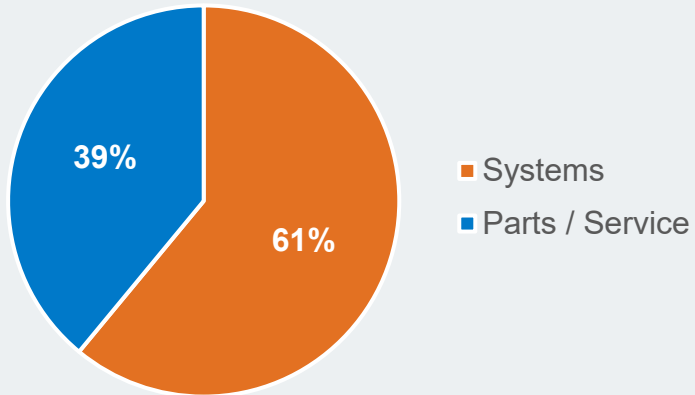


# Why Invest in Nordson?

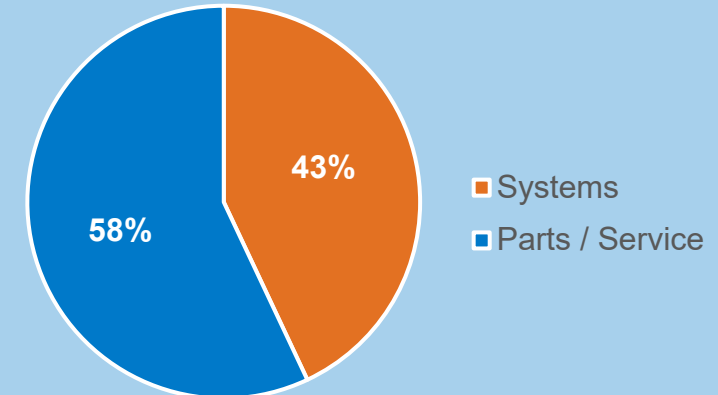


# A Growth Portfolio Ready to Accelerate

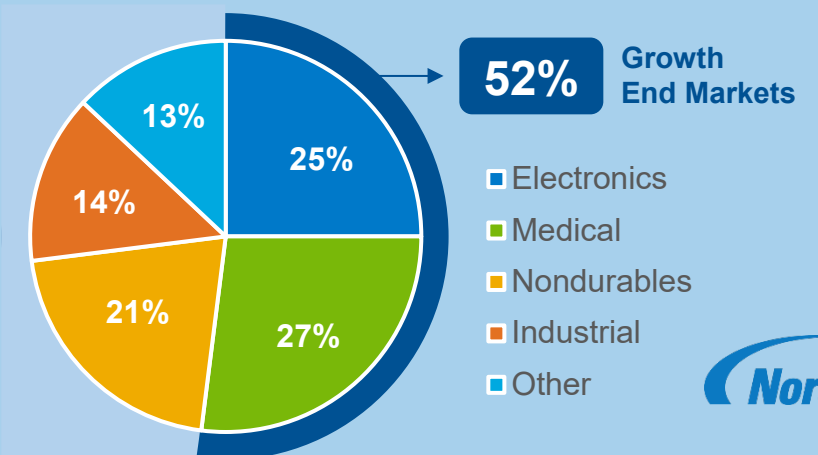
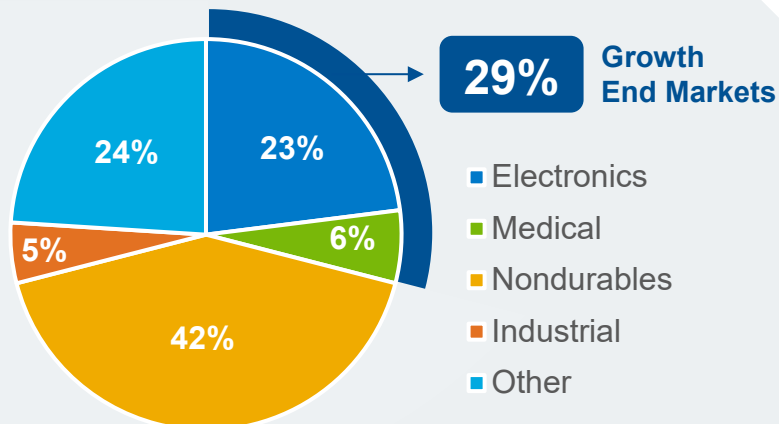
2014 (FY Revenue \$1.7B)



2024 (FY Revenue \$2.7B)



\*Percentage mix includes Atrion acquisition. Information is for directional purposes only.



# 2025-2029 Financial Targets

## Ascend

STRATEGY

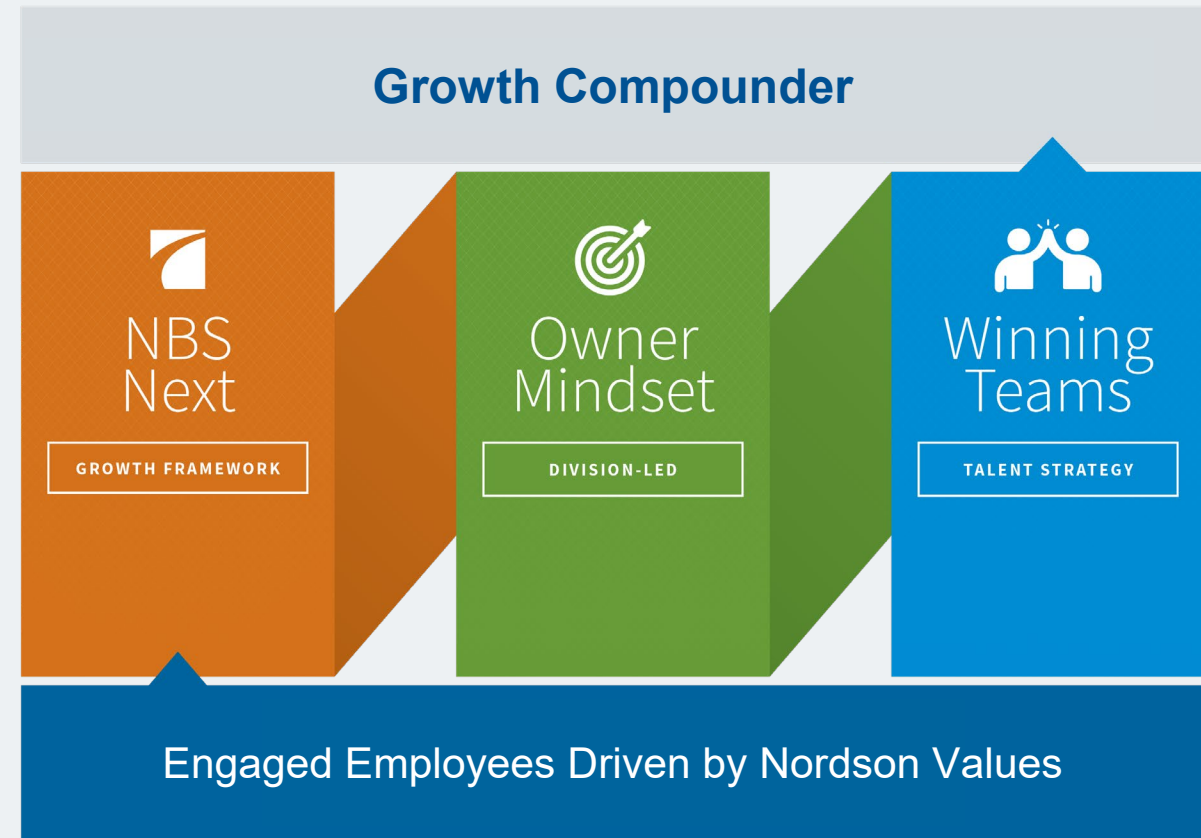
Revenue  
Growth

**6-8%**

Adjusted EPS  
Growth

**10-12%**

Average annual growth





# NBS Next

## GROWTH FRAMEWORK



**Driving profitable growth by selecting and investing disproportionately in the best growth opportunities.**





# Owner Mindset

**DIVISION-LED**

## Entrepreneurial division-led organization:

- Decisions close to the customer
- Autonomy + Accountability
- Clear line of sight to deploying NBS Next



# Winning Teams

**TALENT STRATEGY**

## A key ingredient to successful execution of the Ascend strategy:

- Leaders inspiring trust and building followership in the organization
- Focus on inclusion and diversity in everything we do
- Create an engaging culture that attracts and retains top talent

# Disciplined Approach to M&A



## Strategic Criteria

- Serving attractive end market niches and applications
- Differentiated product technologies/solutions
- Additive to our growth focused portfolio

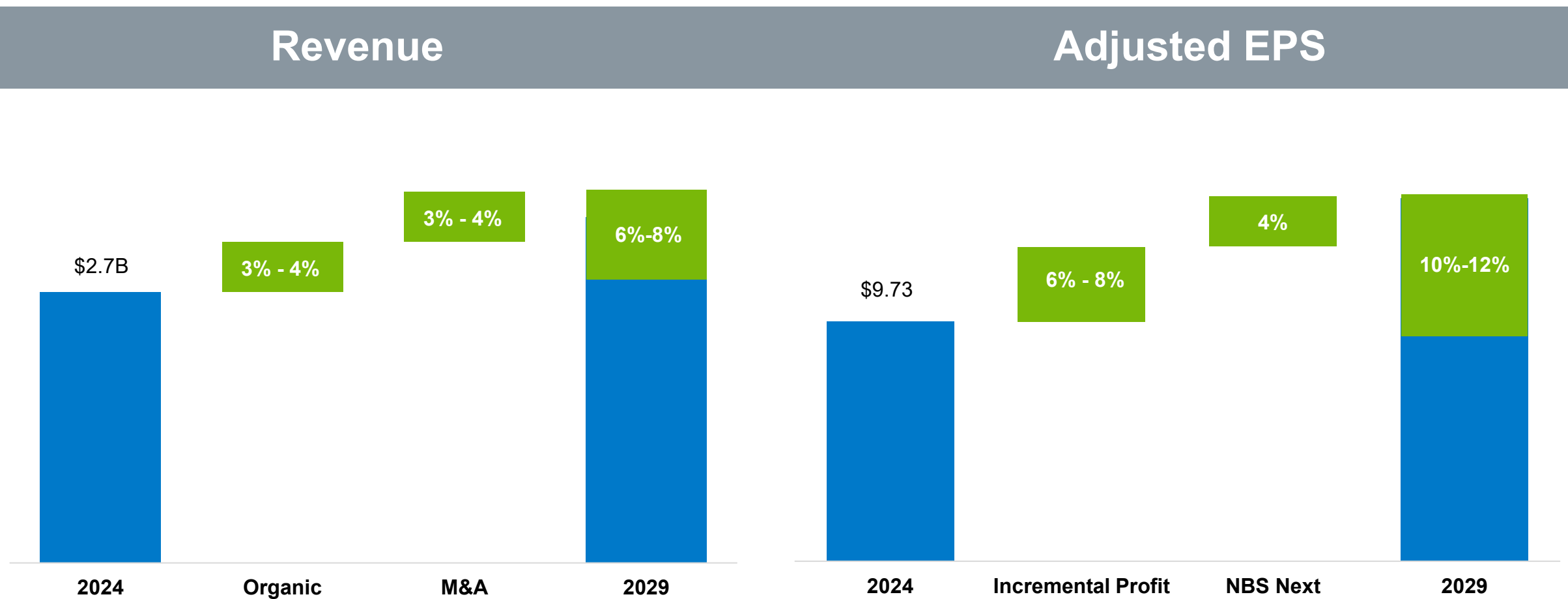


## Financial Criteria

- Growth at or above market rates with Nordson-like gross margins
- EBITDA ~20+% with margin expansion opportunities
- Returns that sufficiently exceed our cost of capital



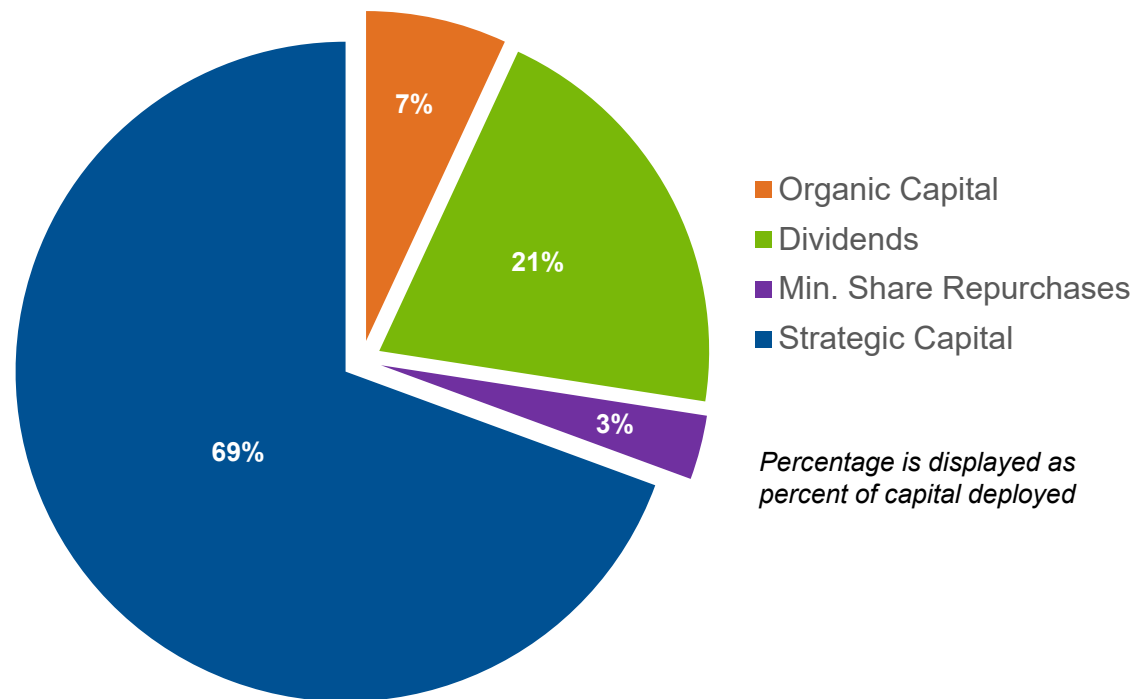
# Growth Algorithm



# Superior Conversion / Deployment of Cash Flows

Generation of ~ \$4.1B in operating cash flows through 2029

## Capital Deployment through 2029



## Cash Flow Deployment Priorities

- Fund organic growth
- Return to shareholders thru dividends and routine stock repurchases to offset dilution
- Strategic deployment of ~\$2.8B for:
  - Strategic M&A
  - Debt service
  - Additional share repurchases



# Recent Financial Results

# Total Company – 3Q 2025



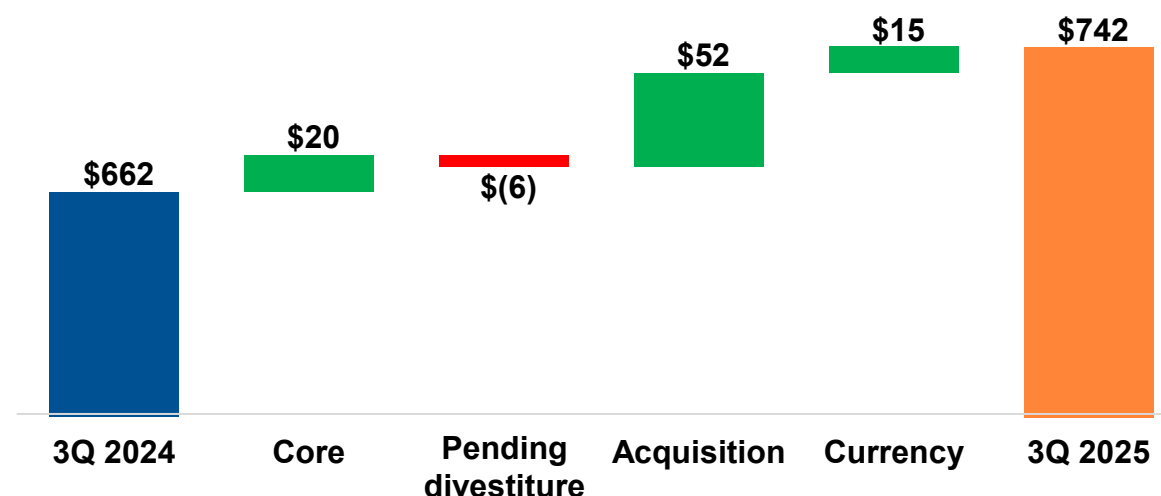
## Sales

- Reported sales of \$742M, an increase of 12%, above the mid-point of prior guidance range
- 8% growth from the Atrion acquisition; favorable currency impact of 2%
- 2% organic sales growth, strength across most product lines driven by demand in Asia-Pacific

## EBITDA\*

- EBITDA was \$239 million, up 15% on higher sales volume and improved SG&A leverage
- Strong EBITDA margin of 32% improved 70 basis points over prior year

## 3Q 2025 Sales Bridge\*\*



	3Q 2024	3Q 2025		Δ
Sales	\$661.6	\$741.5	↑	12%
Operating Profit*	\$174.8	\$200.7	↑	15%
EBITDA*	\$208.1	\$238.5	↑	15%
EPS GAAP	\$2.04	\$2.22	↑	9%
EPS Adjusted*	\$2.41	\$2.73	↑	13%

\*\*Amounts may not add due to rounding.

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



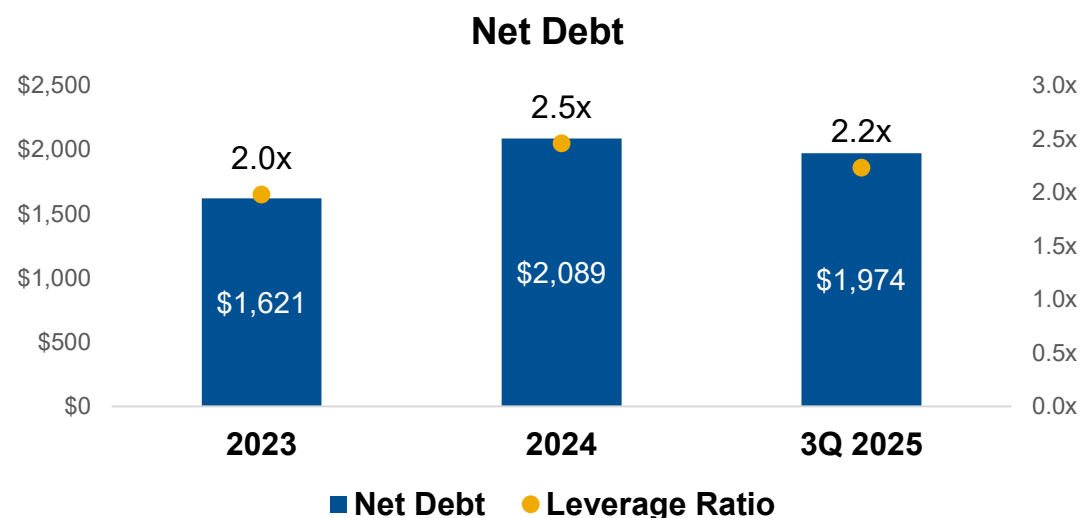
# Balance Sheet and Cash Flow



## Balanced Capital Deployment Returning Value to Shareholders

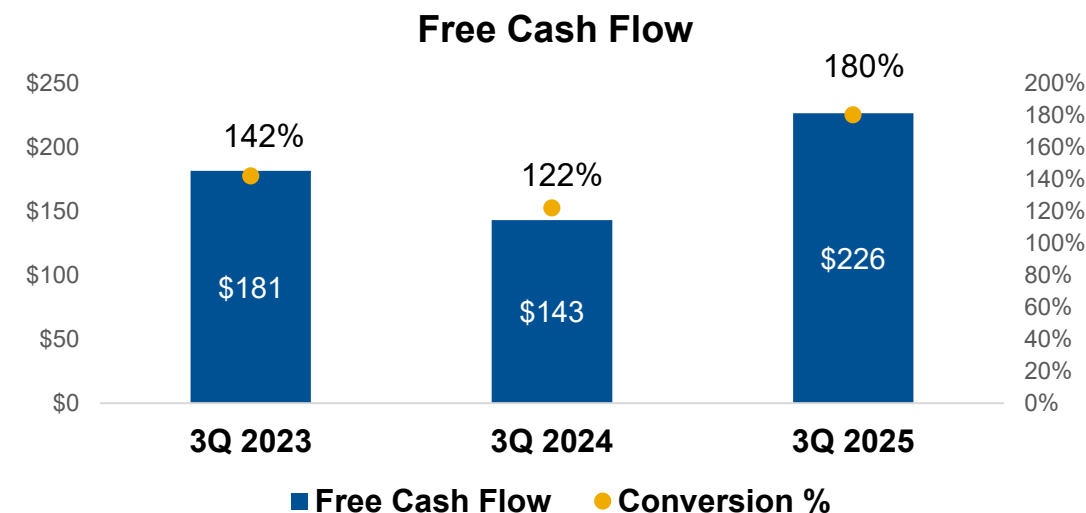
### Net Debt

- Cash totaled \$148 million
- 2.2x net debt leverage ratio based on trailing 12-month EBITDA, well within targeted leverage range



### Free Cash Flow\*

- 3Q25 free cash flow of \$226 million, which is a conversion rate of 180% of net income, deployed toward:
  - Net debt reduction of \$109M
  - Share repurchases of \$71M
  - Dividend payments of \$44M
  - Capital investments of \$12M



\*Non-GAAP number – See appendix for reconciliation.

# 2025 Fiscal Full-Year Guidance

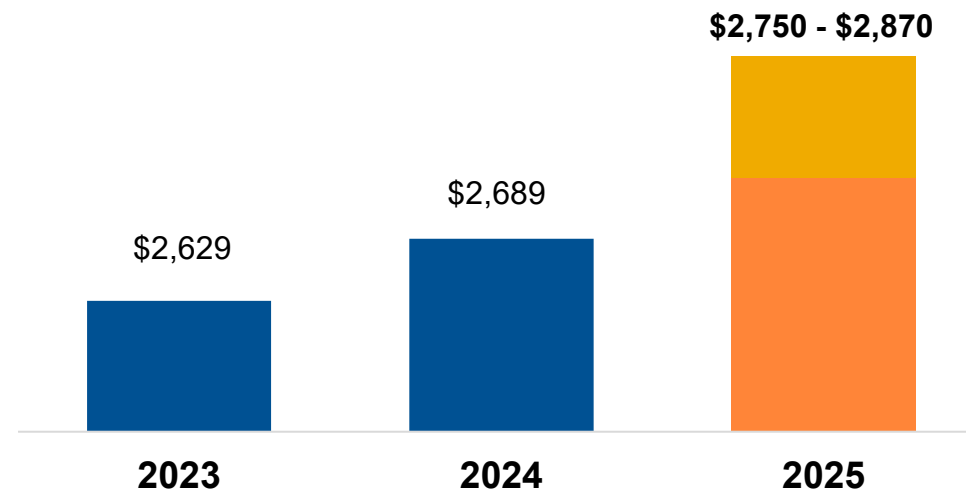


## On track to deliver full-year guidance in dynamic environment

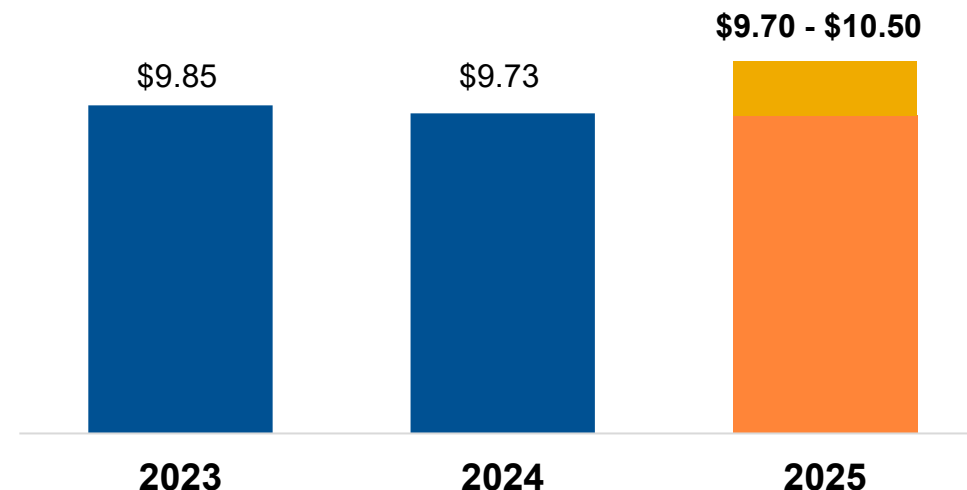
- Sales outlook unchanged, tracking **slightly below the mid-point** of guidance
- Adjusted EPS unchanged, tracking **slightly above the mid-point** of guidance
- Outlook for sales and earnings both contemplate divestiture is completed in 4Q25
- Backlog, down 5% from a strong 3Q25, supports our FY outlook

**Diverse portfolio and operational excellence drives solid execution**

Original Full-year Sales Guidance



Original Full-Year Adjusted EPS Guidance



# Holding Our Portfolio to a High Standard



## NBS Next portfolio assessment criteria:

### Strategic criteria

- Differentiated products
- Attractive markets

### Financial criteria

- Growth
- Profitability



## Focusing resources on differentiated technology

### Divesting select portions of remaining design and development business

- On 5/28/2025 signed agreement to divest certain contract manufacturing product lines within our medical interventional solutions business
- Action improves growth outlook and is expected to be accretive to MFS segment EBITDA margins
- Expected to close in early 4Q fiscal 2025.

### Prioritizing above-market growth in proprietary medical components

- Drive above market growth of remaining ~\$800M medical and fluid solutions product lines, including components and proprietary devices for minimally invasive procedures, such as balloons, catheters and nitinol devices
- Customer pipeline remains strong
- Aligns with Company commitment to focus on higher value growth opportunities



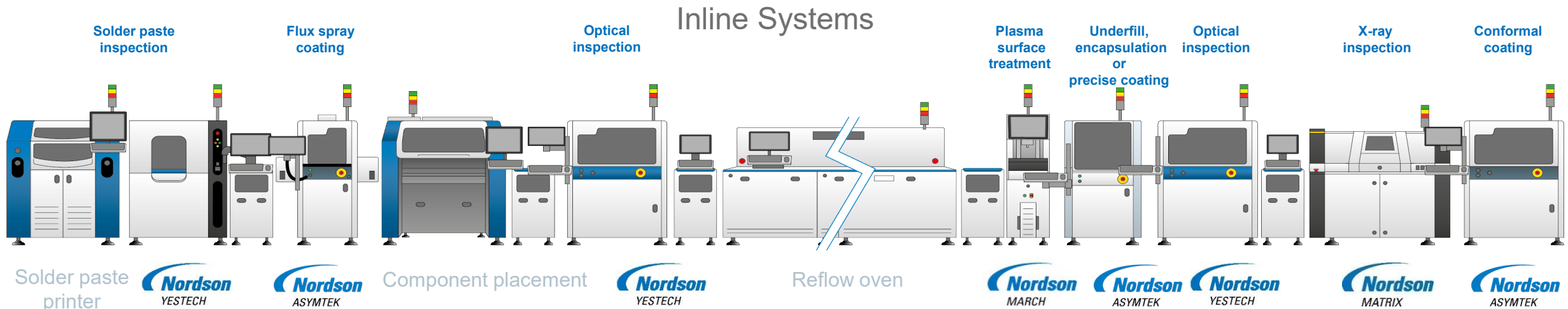




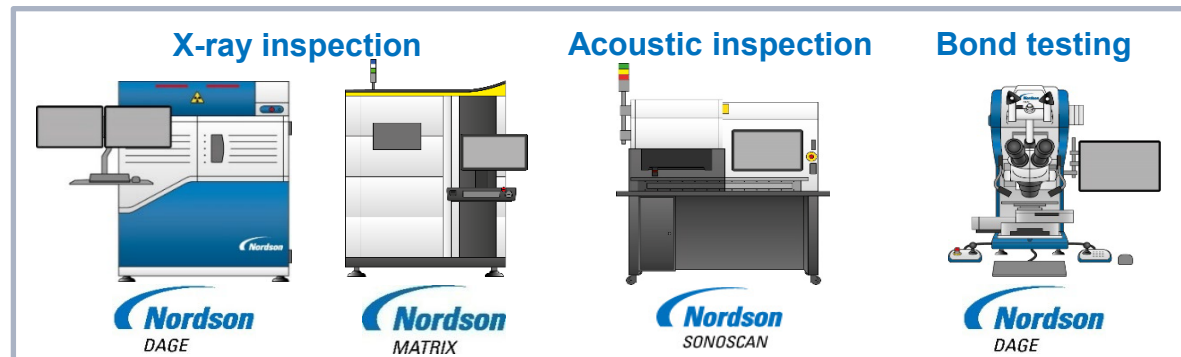
# Appendix 1: Product Innovation

# Our Electronics Industry Position

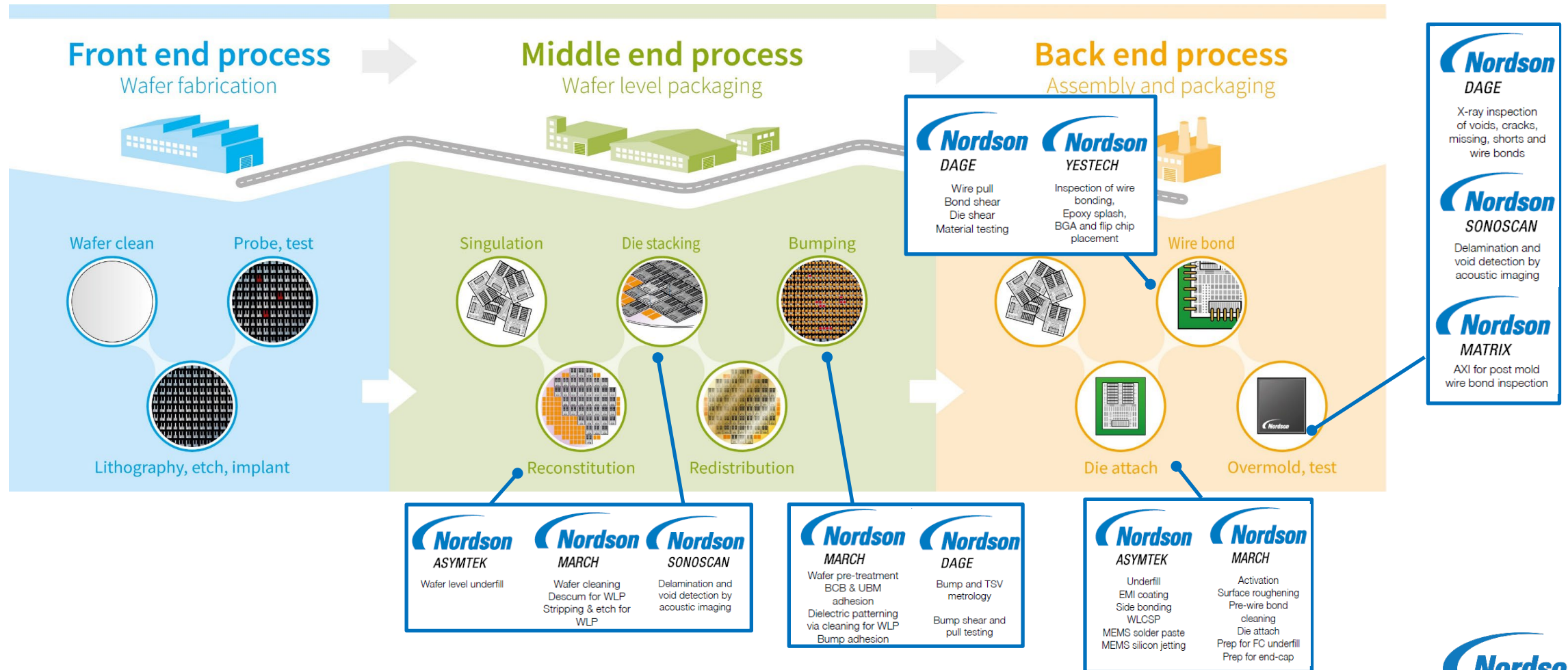
## Surface Mount Manufacturing



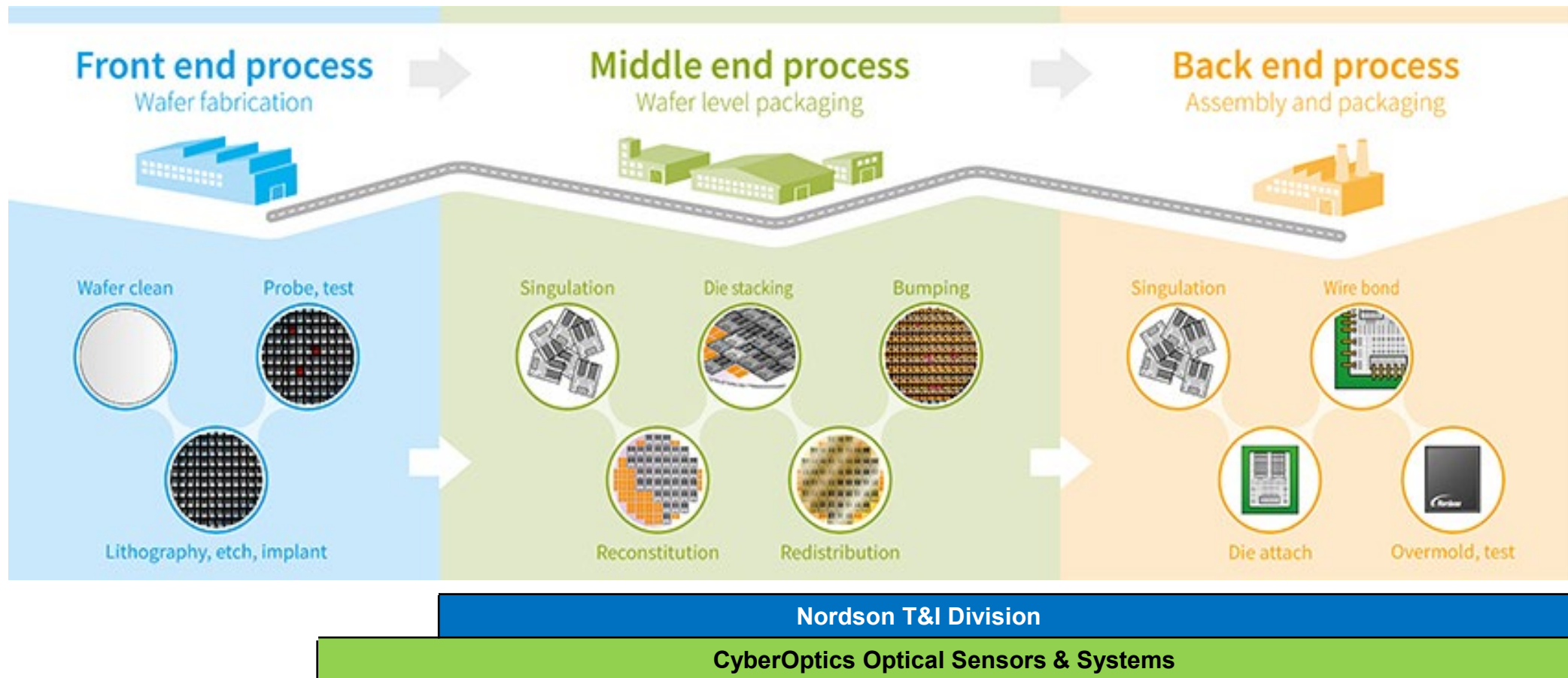
## QA Lab / Island of Automation



# Our Role in the Semiconductor Process



# CyberOptics Expands Market Opportunities



*3D Optical semi market expected to grow ~15%+,  
exceeding the broader 'Wafer Fab Equipment' market LSD '23 – '25 growth*



# Medical and Fluid Solutions



## Fluid Solutions

Precision Low-Volume Dispensing



## Interventional Solutions

Medical balloons, catheters, cannulas



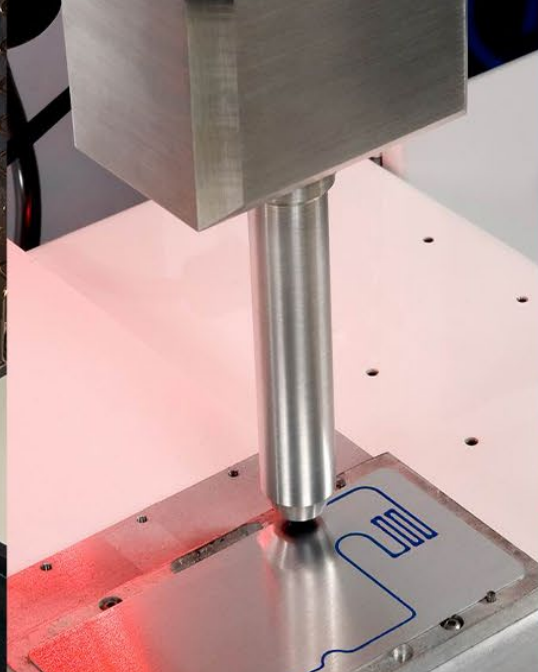
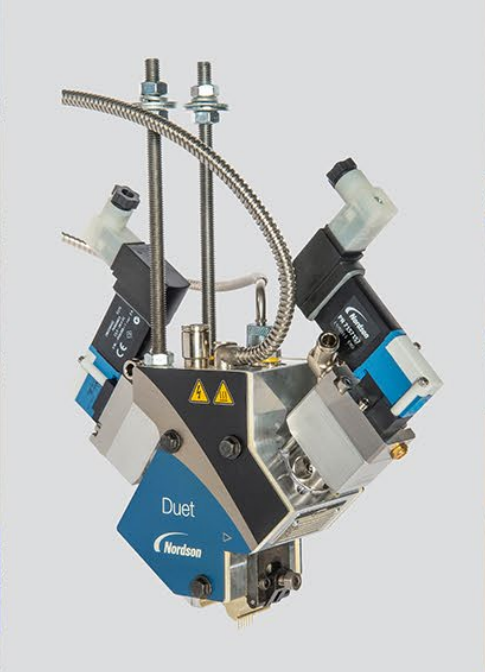
## Fluid Components

Single-use components

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

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

Proprietary single-use plastic connectors, stopcocks, valves, clamps, etc., used for patient care (IV's and blood pressure cuffs), biopharma and gene therapy applications.



## 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



## Appendix 2:

# Financial Exhibits

# Non-GAAP Definitions



This presentation contains references to non-GAAP financial information. Although these are non-GAAP measures, we believe that they are useful to an investor in evaluating the company performance for the period presented. These non-GAAP definitions include:

- EBITDA is defined as operating profit plus certain adjustments, such as severance, fees and non-cash inventory charges associated with acquisitions, plus depreciation and amortization.
- Return on Invested Capital is defined as adjusted operating profit after tax as a percentage of the sum of average debt (net of cash) plus average shareholders' equity.
- Organic sales defined as sales growth excluding the impacts of changes in foreign currencies and acquisitions. We express period over period revenue variances as a percentage.
- Free cash flow is defined as cash flow provided by operating activities less additions to property, plant and equipment.
- Net debt is defined as total long-term debt less cash and cash equivalents.

Amounts may be rounded.

See the company's earnings release for the fourth quarter and full-year ended January 31, 2025, for a reconciliation of the non-GAAP measures Adjusted Operating Profit and EBITDA.



# Reconciliation of Non-GAAP Measures



## Net Income to Adjusted EBITDA (Dollars in thousands)

### NORDSON CORPORATION

#### RECONCILIATION OF NON-GAAP MEASURES - NET INCOME TO EBITDA (Unaudited) (Dollars in thousands)

	Three Months Ended		Nine Months Ended	
	July 31, 2025	July 31, 2024	July 31, 2025	July 31, 2024
Net income	\$ 125,784	\$ 117,327	\$ 332,840	\$ 345,116
Income taxes	33,340	32,107	81,909	92,293
Interest expense - net	25,698	17,776	77,335	56,729
Other (income) expense - net	2,945	(152)	5,380	971
Depreciation and amortization	37,847	33,382	112,454	99,646
Inventory step-up amortization <sup>(1)</sup>	—	—	3,135	2,944
Severance and other <sup>(1)</sup>	451	2,536	16,725	4,615
Acquisition-related costs <sup>(1)</sup>	235	5,160	1,778	5,757
Divestiture and related charges <sup>(2)</sup>	12,211	—	12,211	—
EBITDA (non-GAAP) <sup>(3)</sup>	<u>\$ 238,511</u>	<u>\$ 208,136</u>	<u>\$ 643,767</u>	<u>\$ 608,071</u>

<sup>(1)</sup> Represents cost reduction actions as well as fees and non-cash inventory charges associated with acquisitions.

<sup>(2)</sup> Represents asset impairment and other charges associated with the exit of the medical contract manufacturing business.

<sup>(3)</sup> EBITDA is a non-GAAP measure used by management to evaluate the Company's ongoing operations. EBITDA is defined as operating profit plus certain adjustments, such as cost reduction actions, fees and non-cash inventory charges associated with acquisitions, plus depreciation and amortization.

# Reconciliation of Non-GAAP Measures

## Adjusted Operating Profit and EBITDA (Dollars in thousands)



**NORDSON CORPORATION**  
RECONCILIATION OF NON-GAAP MEASURES - EBITDA (Unaudited)  
(Dollars in thousands)

	Three Months Ended		Nine Months Ended	
	July 31, 2025	July 31, 2024	July 31, 2025	July 31, 2024
<b>SALES BY SEGMENT</b>				
Industrial Precision Solutions	\$ 350,784	\$ 348,997	\$ 970,079	\$1,031,717
Medical and Fluid Solutions	219,465	166,737	615,883	495,229
Advanced Technology Solutions	171,260	145,870	453,905	418,493
Total sales	<u>\$ 741,509</u>	<u>\$ 661,604</u>	<u>\$2,039,867</u>	<u>\$1,945,439</u>
<b>OPERATING PROFIT</b>				
Industrial Precision Solutions	\$ 116,720	\$ 115,023	\$ 308,153	\$ 340,043
Medical and Fluid Solutions	52,500	48,374	150,241	143,467
Advanced Technology Solutions	36,877	26,032	86,558	65,029
Corporate	(18,330)	(22,371)	(47,488)	(53,430)
Total operating profit	<u>\$ 187,767</u>	<u>\$ 167,058</u>	<u>\$ 497,464</u>	<u>\$ 495,109</u>
<b>OPERATING PROFIT ADJUSTMENTS <sup>(1)</sup></b>				
Industrial Precision Solutions	\$ —	\$ 2,536	\$ 9,823	\$ 6,077
Medical and Fluid Solutions	12,968	—	19,589	—
Advanced Technology Solutions	(71)	—	3,217	2,078
Corporate	—	5,160	1,220	5,161
Total adjustments	<u>\$ 12,897</u>	<u>\$ 7,696</u>	<u>\$ 33,849</u>	<u>\$ 13,316</u>
<b>DEPRECIATION &amp; AMORTIZATION</b>				
Industrial Precision Solutions	\$ 13,410	\$ 13,047	\$ 38,477	\$ 38,404
Medical and Fluid Solutions	17,685	13,553	54,193	40,822
Advanced Technology Solutions	4,740	4,841	14,058	14,509
Corporate	2,012	1,941	5,726	5,911
Total depreciation & amortization	<u>\$ 37,847</u>	<u>\$ 33,382</u>	<u>\$ 112,454</u>	<u>\$ 99,646</u>
<b>EBITDA (NON-GAAP) <sup>(2)</sup></b>				
Industrial Precision Solutions	\$ 130,130	37% \$ 130,606	37% \$ 356,453	37% \$ 384,524
Medical and Fluid Solutions	83,153	38% 61,927	37% 224,023	36% 184,289
Advanced Technology Solutions	41,546	24% 30,873	21% 103,833	23% 81,616
Corporate	(16,318)	(15,270)	(40,542)	(42,358)
Total EBITDA	<u>\$ 238,511</u>	<u>32% \$ 208,136</u>	<u>31% \$ 643,767</u>	<u>32% \$ 608,071</u>

<sup>(1)</sup> Represents cost reduction actions, fees and non-cash inventory charges associated with acquisitions, and asset impairment and other charges associated with the exit of the medical contract manufacturing business.

<sup>(2)</sup> EBITDA is a non-GAAP measure used by management to evaluate the Company's ongoing operations. EBITDA is defined as operating profit plus certain adjustments, such as cost reduction actions, fees and non-cash inventory charges associated with acquisitions and business exit costs, plus depreciation and amortization.

# Reconciliation of Non-GAAP Measures

## Profitability (Dollars in thousands)



### NORDSON CORPORATION

#### RECONCILIATION OF NON-GAAP MEASURES - ADJUSTED NET INCOME AND EARNINGS PER SHARE

(Unaudited)

(Dollars in thousands)

	Three Months Ended		Nine Months Ended	
	July 31, 2025	July 31, 2024	July 31, 2025	July 31, 2024
<b><u>GAAP AS REPORTED</u></b>				
Operating profit	\$ 187,767	\$ 167,058	\$ 497,464	\$ 495,109
Other / interest expense - net	(28,643)	(17,624)	(82,715)	(57,700)
Net income	125,784	117,327	332,840	345,116
Diluted earnings per share	\$ 2.22	\$ 2.04	\$ 5.83	\$ 5.99
Shares outstanding - diluted	56,728	57,624	57,084	57,620
<b><u>OPERATING PROFIT ADJUSTMENTS</u></b>				
Inventory step-up amortization	\$ —	\$ —	\$ 3,135	\$ 2,944
Acquisition costs	235	5,160	1,778	5,757
Severance and other	451	2,536	16,725	4,615
Divestiture and related charges	12,211	—	12,211	—
<b><u>ACQUISITION AMORTIZATION OF INTANGIBLES</u></b>				
	\$ 20,092	\$ 19,202	59,099	57,412
<b><u>NON-OPERATING EXPENSE ADJUSTMENTS</u></b>				
Entity liquidation	\$ —	\$ —	\$ 988	\$ —
Total adjustments	\$ 32,989	\$ 26,898	\$ 93,936	\$ 70,728
Adjustments net of tax	\$ 29,084	\$ 21,134	\$ 78,451	\$ 55,804
EPS effect of adjustments	\$ 0.51	\$ 0.37	\$ 1.37	\$ 0.97
<b><u>NON-GAAP MEASURES-ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE</u></b>				
Net income <sup>(1)</sup>	\$ 154,868	\$ 138,461	\$ 411,291	\$ 400,920
Diluted earnings per share <sup>(2)</sup>	\$ 2.73	\$ 2.41	\$ 7.20	\$ 6.96

<sup>(1)</sup> Adjusted net income is a non-GAAP measure defined as net income plus tax effected adjustments and other discrete tax items. Refer to the "Reconciliation of Non-GAAP measures - EBITDA" table for definition of adjustments to operating income.

<sup>(2)</sup> Adjusted earnings per share is a non-GAAP measure defined as GAAP EPS adjusted for tax effected adjustments and other discrete tax items.

# Reconciliation of Non-GAAP Measures

## Operating Cash Flow to Free Cash Flow



### NORDSON CORPORATION

#### RECONCILIATION OF NON-GAAP MEASURES - OPERATING CASH FLOW TO FREE CASH FLOW (Unaudited) (Dollars in thousands)

	Year to Date	
	July 31, 2025	April 30, 2025
Net cash provided by operating activities	\$ 516,264	\$ 278,292
Additions to property, plant and equipment	(49,002)	(37,439)
Free Cash Flow - Year to Date <sup>(1)</sup>	\$ 467,262	\$ 240,853
Free Cash Flow - Quarter to Date <sup>(1)</sup>	\$ 226,409	
Net Income - Year to Date	\$ 332,840	\$ 345,116
Free Cash Flow Conversion - Year to Date <sup>(2)</sup>	140 %	70 %
Net Income - Quarter to Date	\$ 125,784	
Free Cash Flow Conversion - Quarter to Date <sup>(2)</sup>	180 %	
	Year to Date	
	July 31, 2024	April 30, 2024
Net cash provided by operating activities	\$ 459,812	\$ 294,964
Additions to property, plant and equipment	(43,786)	(21,907)
Free Cash Flow - Year to Date <sup>(1)</sup>	\$ 416,026	\$ 273,057
Free Cash Flow - Quarter to Date <sup>(2)</sup>	\$ 142,969	

<sup>(1)</sup> Free Cash Flow is a non-GAAP measure used by management to evaluate the Company's ongoing operations and is defined as Net cash provided by operating activities minus Additions to property, plant and equipment.

<sup>(2)</sup> Free Cash Flow Conversion is a non-GAAP measure used by management to evaluate the Company's ongoing operations and is defined as Free Cash Flow divided by Net Income.