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nVent Electric Plc (NVT)

Q3 2026 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good day and welcome to the nVent Electric's Third Quarter 2026 Earnings Conference Call. All participants will be in listen-only mode. [Operator Instructions] After today's presentation, there will be an opportunity to ask questions. [Operator Instructions] Please note this event is being recorded.

I would now like to turn the conference over to Tony Riter, Vice President of Investor Relations. Please go ahead.

Tony Riter

Vice President-Investor Relations, nVent Electric Plc

Thank you and welcome to nVent's third quarter 2026 earnings call. On the call with me are Beth Wozniak, our Chair and Chief Executive Officer; and Gary Corona, our Chief Financial Officer. Today, we'll provide details on our third quarter performance and outlook for the fourth quarter and an update to our full year outlook. All results referenced throughout this presentation are on a continuing operation basis, unless otherwise stated.

Before we begin, let me remind you that any statements made about the company's anticipated financial results are forward-looking statements, subject to future risks and uncertainties such as the risks outlined in today's press release and nVent's filings with the Securities and Exchange Commission. Forward-looking statements are made as of today, and the company undertakes no obligation to update publicly such statements to reflect subsequent events or circumstances. Actual results could differ materially from anticipated results.

Today's Webcast is accompanied by a presentation which you can find in the Investors section of nVent's website. References to non-GAAP financials are reconciled in the appendix of the presentation. We'll have time for questions after our prepared remarks.

With that, please turn to slide 3 and I'll now turn the call over to Beth.

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

Good morning, everyone. I am pleased to share with you our outstanding third quarter results and cover some key business highlights.

We had another tremendous quarter with record sales, orders and earnings, well ahead of our guidance. The better-than-expected sales were broad-based, with double-digit growth across all verticals and geographies. In Q3, for total nVent, we continued to have strong orders and backlog. Organic orders grew low double-digits on top of 65% growth a year ago. In addition, backlog remained healthy and grew sequentially to $2.6 billion.

We also closed on the Maverick Power acquisition on October 1. Maverick brings to nVent a new power distribution platform and increases our offerings in data centers. We are raising our full year sales and EPS guidance to reflect our outstanding third quarter performance and continued broad-based growth led by data centers. Our guidance also incorporates the Maverick Power acquisition.

Now, onto slide 4, for a summary of our third quarter performance. Sales were up 44%, both on a reported and organic basis, led by the infrastructure vertical. New products contributed approximately 30 points to our sales

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growth, and we launched 24 new products in the quarter. Adjusted operating income grew 57% year-over-year, with return on sales up 190 basis points. Adjusted EPS grew 67% and we had robust free cash flow.

Sales grew double digits across all verticals. Infrastructure led the way, with organic sales up over 70%, primarily driven by outstanding growth in data centers. Industrial grew in high-teens and commercial resi grew mid-teens.

Turning to organic sales by geography, all geographies grew double digits, led by the Americas, growing approximately 50%. Europe was up low double digits and Asia Pacific grew double digits.

Infrastructure represents our largest long-term growth opportunity, driven by the powerful secular trends of electrification, sustainability and digitalization. We expect the infrastructure vertical to deliver record double-digit organic growth this year, with data center expansion and the need for power. We also forecast continued strong growth in 2027.

We have been investing in new capacity for liquid cooling, engineered building solutions, power connections and cable management. This week, we announced a new 400,000 square foot facility in Arizona for engineered buildings that will expand our capacity to support growing demand in data centers and power utilities with production expected to begin in mid-2027.

In our high-growth areas within infrastructure, our suppliers are working to keep pace with our growth and are also investing in capacity expansions. It is a lot of work to increase volumes with the velocity required. We are partnering closely with our suppliers to help ensure we are scaling rapidly together.

Turning to industrial and commercial resi, we expect each to grow organic sales high single digits for the year versus mid-single digits previously. We see industrial growth as broad-based and see improving demand trends across our short-cycle portfolio.

I want to thank our nVent team for focusing on our customers and achieving record performance levels.

This wraps up my opening remarks. I will now turn the call over to Gary for further details on our third quarter results as well as our updated outlook. Gary, please go ahead.

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

Thank you, Beth. We had another excellent quarter exceeding our guidance with record sales and adjusted EPS. Let's turn to slide 5 to review our results.

Sales of $1,515 million were up 44%, both on a reported and organic basis as compared to last year. This was well ahead of our guidance, driven by broad-based growth, led by very strong data center sales. Adjusted operating income was $335 million, up 57%. Return on sales came in ahead of expectations at 22.1%, up 190 basis points versus last year. Price plus productivity offset inflation of nearly $60 million, including approximately $20 million in tariff impact. We also continued to make investments for growth in data centers and power utilities. We had record adjusted earnings well ahead of the high end of our guidance, driven by exceptional sales growth and execution by the team. Adjusted EPS grew 67% year-over-year to $1.52. We generated robust free cash flow of $268 million.

Now, please turn to slide 6 for a discussion on the third quarter segment performance. Starting with Systems Protection. Sales of $1,098 million increased 53%. Organic sales grew 54%. Sales growth was broad-based, with

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double-digit increases across all verticals and geographies. Infrastructure led the way, growing approximately 90%, driven by continued strength in data centers. Industrial and commercial resi each grew in the teens. Geographically, the Americas delivered very strong double-digit growth, while Europe grew low double digits. Asia-Pacific also delivered double-digit growth in the quarter. Third quarter segment income was $253 million, up 73%. Return on sales of 23% increased 260 basis points year-over-year on strong volume, price and productivity.

Moving on to Electrical Connections. Growth exceeded expectations, reflecting continued momentum on our growth initiatives in infrastructure and industrial and stronger demand in commercial resi. Sales of $417 million increased 23% on both a reported and organic basis. Growth was broad-based across all verticals and geographies, all growing double digits.

From a vertical perspective, infrastructure and industrial each grew strong double digits. Commercial resi was up high-teens. Geographically, Americas grew strong double digits, while Europe was up mid-teens. Asia-Pacific also grew double digits in the quarter.

Segment income was $118 million, up 16% versus last year. Return on sales of 28.2% was down 180 basis points year-over-year. The margin performance was impacted by inflation and investments for growth, partially offset by strong volume, price and productivity. Importantly, margins improved sequentially as expected.

Turning to the balance sheet and cash flow on slide 7. In addition to our strong free cash flow in the quarter, we issued $800 million of 10-year senior notes near quarter-end to help fund the Maverick Power acquisition. As a result, we ended the quarter with more than $1.1 billion in cash on hand and total debt of $2.2 billion. We also had $600 million available on our revolver.

Including the Maverick Power acquisition, we expect our leverage to be well within our target range of 2 times to 2.5 times by the end of the year. Our healthy balance sheet and strong liquidity provide financial flexibility to support our disciplined capital allocation strategy.

Turning to slide 8 on capital allocation, where we outlined how we deploy capital to drive growth and sustain financial outperformance. Our framework has been consistent and is centered on disciplined growth investments and rigorous execution of our M&A strategy, while maintaining the balance sheet flexibility to consistently return capital to shareholders.

Our capital allocation priority is growth. This starts with reinvesting in the business by funding capacity expansion, innovation and the capabilities required to win in high-growth verticals. This year, we expect to invest approximately $140 million in CapEx, up 50% inclusive of the Maverick Power acquisition. We have spent $95 million year-to-date. Most of this increased investment is for new capacity to support growth in data centers, power utilities and supply chain resiliency. Year-to-date, we returned $202 million to shareholders, including share repurchases of $100 million and we have increased our quarterly dividend by 5% compared to last year. Overall, our disciplined capital allocation approach positions us to prioritize growth and create long-term shareholder value.

Moving to slide 9. As Beth shared earlier, we are significantly raising our full year sales and EPS guidance again, due to our strong performance in Q3, momentum across our portfolio, and the addition of Maverick Power. Now, forecast reported sales growth of 48% to 49%, up from 37% to 39% previously. We are increasing our organic sales growth guidance. We now expect to grow 38% to 39% versus our prior guidance of 32% to 34%. We are raising our full year adjusted EPS range to $5.36 to $5.39 versus our prior guidance of $5 to $5.10. At the midpoint, adjusted EPS is expected to grow 60% versus last year.

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A few updated assumptions for modeling purposes. Acquisitions are expected to add approximately 10 points to sales growth, now including Maverick Power. Please note Maverick Power will be reported as part of our Systems Protection segment. Tariff impact is expected to be approximately $105 million, up from $100 million previously. Corporate costs are expected to be approximately $145 million compared to $140 million previously and adjusted net interest is now expected to be approximately $88 million for the year.

Looking at our fourth quarter outlook on slide 10, we forecast reported sales growth of 45% to 48% with Maverick Power contributing approximately 19 points to sales growth and foreign exchange roughly flat. Organic sales growth is expected to be up 26% to 29%. We continue to see very strong demand, particularly in data centers and power utilities. As Beth mentioned, we are working closely with our suppliers to support the pace of growth and have reflected the current environment in our guidance. Price and productivity are expected to offset the impact of inflation, including tariffs, and we continue to invest for growth, particularly in data centers and power utilities.

We expect Maverick to contribute a few cents to adjusted EPS in the quarter, inclusive of the higher interest expense associated with the financing of the acquisition. For the fourth quarter, we forecast net interest expense of approximately $39 million. [audio gap] (00:15:17) adjusted EPS to be between $1.30 and $1.33, which at the midpoint reflects more than 45% growth versus last year. Overall, we expect a strong finish to an outstanding year.

I will now turn the call back over to Beth.

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

Thank you, Gary.

Please turn to slide 11. Our portfolio transformation to become a more focused, higher-growth electrical connection and protection company is showing up in our results. We have intentionally increased our exposure to the high-growth infrastructure vertical through both organic investments and M&A. Infrastructure made up 12% of sales at spin, expanded to 45% last year and is nearly 60% year-to-date. Including Maverick Power, our 2026 sales are expected to be approximately 3 times what they were at spin and nearly 50% higher than last year. Overall, our total opportunity is now over $150 billion.

Turning to slide 12, and an overview of Maverick Power. Maverick Power is a leading manufacturer of engineered power distribution and infrastructure solutions for data centers. The acquisition broadens our exposure to the high-growth infrastructure vertical and adds a new power distribution platform that is highly complementary to our existing data center offerings.

Maverick's portfolio includes low and medium-voltage switchgear and switchboards, integrated modular solutions and services. Maverick also brings significant scale and capabilities to nVent with more than 1,000 employees with key sites in Texas and Arizona and approximately 1.5 million square feet of manufacturing footprint.

Looking ahead, Maverick's strong engineering capabilities expand our offerings into new power architectures and strengthens our ability to provide more system-level solutions and services for data center customers. We plan to show Maverick's new 800-volt DC power rack at SuperComputing next month. Positioned alongside the IT rack, it integrates power conversion, protection and controls to convert existing AC power to 800-volt DC supporting high-density AI computing without a facility-wide power redesign. And importantly, Maverick meaningfully expands our offerings in data centers.

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With Maverick, we estimate nVent's total data center opportunity expands to approximately $2 million per megawatt. We believe the combination of our complementary portfolios, engineering capabilities and customer relationships create significant opportunities to grow together and deliver even more value for our data center customers.

Wrapping up, on slide 13, we had another tremendous quarter with record sales, orders and adjusted EPS. We continue to deliver broad-based growth with infrastructure leading the way and expect another record year having significantly raised our full year sales and adjusted EPS guidance. We remain very well-positioned for the powerful trends of electrification, sustainability and digitalization, and are excited about the significant growth opportunities ahead. Our future is bright.

With that, I will now turn the call over to the operator to start Q&A.

QUESTION AND ANSWER SECTION

Operator: Thank you. We will now begin the question-and-answer session. [Operator Instructions] The first question today comes from Julian Mitchell with JPMorgan. Please go ahead.

Julian Mitchell
Analyst, JPMorgan Securities LLC

Q

Hi. Good morning.

Beth A. Wozniak
Chair & Chief Executive Officer, nVent Electric Plc

A

Good morning.

Julian Mitchell
Analyst, JPMorgan Securities LLC

Q

Maybe – good morning – just wanted to start off on the top line outlook. Maybe just give us a little bit of context around the timing behind the latest capacity addition you've announced and when you might sort of open up the order book for that. And when you're thinking about orders, it was a good result of a very difficult comp, is it natural to assume that that rate accelerates given the demand backdrop?

Beth A. Wozniak
Chair & Chief Executive Officer, nVent Electric Plc

A

Oh, Julian, thank you for the question. So to start, we just announced a new facility in Arizona which we'll start to begin production, as I said in my prepared remarks, midway through 2027. We also announced Blaine 2 which is another site for liquid cooling and data center solutions. And so, again, that also will be into production going into mid – first half 2027. So we're looking ahead as we see order rates and some of our backlog as to where we need capacity.

And with respect to orders, we are absolutely – had a difficult comp that we had to overlap in Q3, but I will say this, starting off Q4, orders are very – so in October, orders are very strong.

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Julian Mitchell
Analyst, JPMorgan Securities LLC

Q

All right. That's helpful. Thank you. And then just my second question would be around the operating margins. So it looks like pegged at about 20% in the fourth quarter in the guidance. So it's sort of flattish year-on-year. Maybe just to unpack that a little bit, you're seeing maybe bigger cost headwinds, is it something to do with the margin at Maverick [ph] Power is (00:22:05) coming in at off about $200 million of revenue? Any thoughts around that, please?

Gary Louis Corona
Chief Financial Officer & Executive Vice President, nVent Electric Plc

A

Yeah, sure. Hi, Julian, this is Gary. I'll start by saying we are pleased with the margin performance in the third quarter, margin up almost 200 basis points incrementals well into the mid-20s. In the fourth quarter, we do expect margins to be up year-on-year, approximately 60 basis points at the midpoint. And you put your finger on a bit of a headwind in the fourth quarter. Excluding Maverick, we'll have incrementals well in the mid-20s, which is our target. But Q4 will be an investment quarter for Maverick as we prepare to grow strongly in 2027 and that will put margin incrementals more into the low-20s. So, approximately 60 basis points of margin growth in the fourth quarter and the core business has nice incrementals.

Julian Mitchell
Analyst, JPMorgan Securities LLC

Q

Great. Thank you.

Operator: The next question comes from Nigel Coe with Wolfe Research. Please go ahead.

Nigel Coe
Analyst, Wolfe Research LLC

Q

Thanks. Good morning, everyone.

Beth A. Wozniak
Chair & Chief Executive Officer, nVent Electric Plc

A

Good morning.

Nigel Coe
Analyst, Wolfe Research LLC

Q

So – morning. So, Maverick, sticking with Maverick, so the Arizona expansion, is that more Maverick products than core nVent? And then maybe if you could just give us a few more details on Maverick. Can you disclose the backlog acquired with Maverick and this investment spending? How does that profile look through 2027?

Beth A. Wozniak
Chair & Chief Executive Officer, nVent Electric Plc

A

Okay. So to start with the new Arizona facility, it's actually for our engineered building solutions. So recall that is the combination of TRACHTE [ph] and EPG (00:23:54). So this is to create those solutions that support both utilities and data centers and a lot of integration work. So that's what that facility is about.

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With respect to Maverick, we have not included a backlog yet. That is something that we will do. But I will say this, it is very healthy backlog. And some of the investments that are being made, as we mentioned, that they have 1.5 million square feet and so they are fitting that out currently as they start to see this nice trajectory as we go into 2027 of growth in the backlog and the orders. So we're investing in that capacity there to bring them up to speed and online.

Nigel Coe
Analyst, Wolfe Research LLC

Q

Great. And then, Maverick, if you look at some of their competitors, the growth profile is, in many cases, 50% plus and in some cases as high as 100% for 2027. Is that the kind of growth profile you expect to see for Maverick next year?

Beth A. Wozniak
Chair & Chief Executive Officer, nVent Electric Plc

A

Well, we're not – we're focused on our current integration. I'll just remind you, it's only been 30 days, but we do expect strong double-digit growth in Maverick as we go forward.

Nigel Coe
Analyst, Wolfe Research LLC

Q

Okay. Thanks, Beth.

Operator: The next question comes from Steve Tusa with Wells Fargo. Please go ahead.

C. Stephen Tusa
Analyst, Wells Fargo Securities LLC

Q

Hi. Good morning.

Beth A. Wozniak
Chair & Chief Executive Officer, nVent Electric Plc

A

Good morning.

Gary Louis Corona
Chief Financial Officer & Executive Vice President, nVent Electric Plc

A

Hey, Steve. Good morning, Steve.

C. Stephen Tusa
Analyst, Wells Fargo Securities LLC

Q

Just to put a finer point on that, I guess, when you say well into the mid-20s incrementals, I know we're talking about like tens of basis points here sometimes, but that would suggest Maverick kind of in the mid-teens from a margin perspective, like a – operating margin perspective?

Gary Louis Corona
Chief Financial Officer & Executive Vice President, nVent Electric Plc

A

It's exactly right, Steve. That's what we're expecting in the fourth quarter for Maverick.

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C. Stephen Tusa
Analyst, Wells Fargo Securities LLC

Q

Okay. And then, just into next year, I know there is a bit of inflation out there, to say the least. How are you looking at – what was – what do you expect price to be for this year? And then how do you think about more actions – do you need more actions to drive price/cost next year?

Gary Louis Corona
Chief Financial Officer & Executive Vice President, nVent Electric Plc

A

Yeah. So, Steve, in the third quarter, price and productivity more than offset the $60 million of inflation that we saw. Price nearly covered it on its own. Our investments behind capacity and capability were significant. We've had a long track record of leveraging price to offset inflation as well as productivity and the teams are working diligently to ensure that we forecast that's the case for Q4 and next year.

C. Stephen Tusa
Analyst, Wells Fargo Securities LLC

Q

Okay. Thanks.

Operator: The next question comes from Jeff Hammond with KeyBanc Capital Markets. Please go ahead.

Jeffrey D. Hammond
Analyst, KeyBanc Capital Markets, Inc.

Q

Hey, good morning, everyone.

Beth A. Wozniak
Chair & Chief Executive Officer, nVent Electric Plc

A

Morning.

Gary Louis Corona
Chief Financial Officer & Executive Vice President, nVent Electric Plc

A

Hey, Jeff. Morning.

Jeffrey D. Hammond
Analyst, KeyBanc Capital Markets, Inc.

Q

So I know we've had a lot of questions on this new modular liquid cooling product, but there seems to be some confusion on – when are you start taking orders, did you start taking orders in the third quarter or what's the timing around that? And then just kind of the uptake and interest. I know, maybe it was initially for distribution, but the initial interest seems to be broader than that.

Beth A. Wozniak
Chair & Chief Executive Officer, nVent Electric Plc

A

Yes. So we have been taking orders for our new modular cooling products and platforms. We'll also be showcasing that at SuperCompute. There is a lot of interest in this product and we have said before we wanted to make it modular because it allows us to configure it to various types of customers and sell-through distribution, but certainly there is significant interest in this product from all types of data center companies. So it really is a

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broad-based platform with a lot of flexibility and we're very excited that it gets to launch here in the back half of the year.

Jeffrey D. Hammond
Analyst, KeyBanc Capital Markets, Inc.
Q

Okay, great. And then you mentioned the Maverick 800-volt DC and I guess we keep hearing, one, next-gen chips needing more liquid cooling intensity, but also 800-volt DC having a lot more liquid cooling intensity. So, I'm just wondering kind of your approach and what you're seeing from early ops, both with maybe incorporating your liquid cooling into Maverick and other customers around 800-volt DC and just give us some parameters around that opportunity.

Beth A. Wozniak
Chair & Chief Executive Officer, nVent Electric Plc
A

Okay. So as we know, the chips require more power, more power means more heat, more heat means more cooling. So as we think about the future, the demand for liquid cooling is only going to increase and as we think about these higher voltages, we're positioned well to think about our modular platform, how we can convert it and meet those needs.

Similarly, on the power side, now having Maverick in our portfolio, they have an 800-volt DC offering, we're going to showcase that at SuperCompute. I think as we think about cooling and power now having that in our portfolio, it gives us more opportunities to provide system solutions and different architectures. So we're excited. We're going to showcase some of this, like I said, at SuperCompute and we'll be working on the road maps and we'll have more to share in the future.

Jeffrey D. Hammond
Analyst, KeyBanc Capital Markets, Inc.
Q

Great. Look forward to seeing you there.

Operator: The next question comes from Jacob Levinson with Melius. Please go ahead.

Jacob Levinson
Analyst, Melius Research LLC
Q

Hi. Good morning, everyone.

Gary Louis Corona
Chief Financial Officer & Executive Vice President, nVent Electric Plc
A

Hey, Jake.

Tony Riter
Vice President-Investor Relations, nVent Electric Plc
A

Hi, Jake.

Jacob Levinson
Analyst, Melius Research LLC
Q

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Maverick seems like a nice add for you, folks, but can you give us a sense of – are there other assets out there of that scale, or maybe said a different way, are there gaps in the portfolio that you're still looking to fill through M&A?

Beth A. Wozniak
Chair & Chief Executive Officer, nVent Electric Plc
A

Well, we have and we've always said that we have a very healthy M&A pipeline and we have a flywheel that we've been very – that we've had in place for a while because we're very disciplined about this and it is very strategic. I never say we have gaps in the portfolio, but more so we have opportunities to extend what we do. And if you think about our portfolio transformation, we have intentionally focused on infrastructure. So you've seen us do deals in the last little while in the data center space, in power utilities and I think there are opportunities out there. We're also very disciplined in how we're thinking about that value creation because we buy companies that we can invest in to grow and scale and then want to ensure that we can get good return.

So, I feel we have lots of opportunity there and we certainly at our Investor Day earlier in the year said we're going to see acquisitions contribute several points to our growth year-over-year and I'd expect us to do some deals every year and we have a good integration playbook.

Gary Louis Corona
Chief Financial Officer & Executive Vice President, nVent Electric Plc
A

Jake, and I would just add, as I mentioned in my prepared remarks, the balance sheet's healthy and we expect to end the year within our targeted leverage range.

Jacob Levinson
Analyst, Melius Research LLC
Q

Okay. That's helpful. And just on a different topic, it sounds like there's been a notable pick-up overseas. Is that – how much of that is just the data center buildout starting to really come through in Europe and Asia, or is that earmarked for additional industrial, commercial markets recovering from depressed levels?

Beth A. Wozniak
Chair & Chief Executive Officer, nVent Electric Plc
A

Well, when we look at Europe and Asia, actually, our growth is very broad-based. Certainly, we see the data center space growing and those opportunities are increasing there. But we're very pleased to say that industrial and our commercial resi and infrastructure, power utilities, we just saw nice broad-based growth.

Jacob Levinson
Analyst, Melius Research LLC
Q

All right. That's helpful color. Thank you. I'll pass it on.

Operator: The next question comes from Joe O'Dea with Vertical Research. Please go ahead.

Joseph O'Dea
Analyst, Vertical Research Partners LLC
Q

Hi, good morning. Could you just add a little bit of perspective on the capacity ramps, talking about the timing of the production volume ramp at Blaine 1 and 2, as well as kind of Arizona and what you'll see through first half of

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next year? Really, looking for any detail on the timeline to reach scale efficiency and then ultimately what it means for revenue capacity versus your current footprint.

Beth A. Wozniak
Chair & Chief Executive Officer, nVent Electric Plc
A

Hey. So, Blaine 1, we are in production and it's been ramping up and we're actually very pleased and earlier in the year, we said even – there was 100 days from when we – business days to get that factory up and going and I think that was like a record for us. And so, it's off to a great start and improving and improving efficiencies. Blaine 2 will not come online until about midway through next year. And similarly, this new Arizona site for engineering building solutions, that also is mid-2027. And then we expect those take time to ramp up. But when we look at our backlog and opportunity, we plan those investments to allow us to start meeting the capacity demand in 2027.

Joseph O'Dea
Analyst, Vertical Research Partners LLC
Q

And then just on the product launches that you highlighted in the prepared remarks, any common denominators around kind of capabilities or solutions that you're adding in terms of serving particular kind of customer needs?

Beth A. Wozniak
Chair & Chief Executive Officer, nVent Electric Plc
A

Well, when we look at our product opportunities, we actually prioritize all of our new products in those high-growth verticals. So it's an array of things from our Systems Protection group where we're developing new solutions in power and cooling, for example. It's also in our Electrical Connections group where we look at some of our power connections and some of our other products aligned to the needs in utilities for data centers. So, overall, we always think about how do we differentiate, how do we innovate because new products not only drive growth, but they're always margin accretive as well.

Joseph O'Dea
Analyst, Vertical Research Partners LLC
Q

Thank you.

Operator: The next question comes from Vlad Bystricky with Citi. Please go ahead.

Vladimir Bystricky
Analyst, Citigroup Global Markets, Inc.
Q

Hey, good morning. Thanks for taking the call.

Beth A. Wozniak
Chair & Chief Executive Officer, nVent Electric Plc
A

Good morning.

Gary Louis Corona
Chief Financial Officer & Executive Vice President, nVent Electric Plc
A

Hey, Vlad.

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Vladimir Bystricky
Analyst, Citigroup Global Markets, Inc.

Q

Hey. So just sticking with Maverick for a second and maybe a little more broadly, you mentioned that Maverick, in addition to their product portfolio, brings some service capabilities. So can you talk about your overall service offering for data center customers today and how that's evolving and sort of where you see the service opportunities going in 2027 and beyond?

Beth A. Wozniak
Chair & Chief Executive Officer, nVent Electric Plc

A

Yeah. So Maverick does have a service capability to support their offerings. We also have been building a service capability around our liquid cooling portfolio and as we launch our new modular platform, we believe because that will serve a wide array of customers, that ability to help install, help commission, help provide regular support is critical. So we have this opportunity, as I said, that this now expands our service opportunity with Maverick between what we do in liquid cooling and what we have in Maverick, I think we're going to be able to provide further solutions for our data center customers. So we're building out a strong service capability and I think it's important, especially with more new products and with the breadth of the portfolio.

Vladimir Bystricky
Analyst, Citigroup Global Markets, Inc.

Q

That's helpful. Appreciate that, Beth. And then just on the capacity side, I know you talked about Blaine and Arizona. You mentioned that Maverick was still sort of outfitting or building out their 1.5 million square feet of capacity. So can you just talk about sort of the timeline to Maverick's capacity ramp and when you see that coming more available?

Beth A. Wozniak
Chair & Chief Executive Officer, nVent Electric Plc

A

Well, they've opened a lot of facilities over the last little while and I would say much like we have with these new facilities, it's ramping and it's going to provide capacity that is needed in 2027. So I think that continues to ramp through the first half of next year.

Vladimir Bystricky
Analyst, Citigroup Global Markets, Inc.

Q

Got it. That's helpful. Thanks, Beth. I'll get back in the queue.

Operator: The next question comes from Alexander Virgo with Evercore ISI. Please go ahead.

Alexander Virgo
Analyst, Evercore ISI International Ltd.

Q

Yeah, thanks for [audio gap] (00:38:05) a little bit to the new product introductions' contribution of growth in the quarter was 30% or so. I guess [audio gap] (00:38:15) lapping tougher comps as we go into Q4. But just wondering if you could give us a sense of that cadence into the end of the year, and then I guess thinking about what that does as it wraps around into 2027. I appreciate you haven't given us any guidance for 2027 yet, but obviously starting to think about the order momentum, the backlog and that new product dynamics sort of building into the model in the 2027 numbers. Thank you.

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Beth A. Wozniak
Chair & Chief Executive Officer, nVent Electric Plc
A

Well, one of the things that we said at our Investor Day is that, we wanted to have our new product vitality at around 30%, and we're effectively at that level. And to be able to do that, it means you have to innovate faster, you have to come up with new things and certainly as we focus our portfolio onto these high-growth verticals, we see that ability to do so. And certainly with data center growth, a lot of our new products are focused there. And so that's where we're seeing that tremendous uplift. And that's what will be our continued focus as we go into 2027. And it's important, new products have been a key driver of our growth as we think about our strategy, high-growth verticals, it's new products, it's growing globally and then it's growth through M&A.

So I think we've got a good pipeline of what we're working on, some good innovation, and we expect it to be a significant contributor to our overall performance of our portfolio.

Alexander Virgo
Analyst, Evercore ISI International Ltd.
Q

Okay. Thank you.

Operator: The next question comes from Neal Burk with UBS. Please go ahead.

Neal Burk
Analyst, UBS Securities LLC
Q

Hey, good morning, everyone. Thanks for the questions.

Gary Louis Corona
Chief Financial Officer & Executive Vice President, nVent Electric Plc
A

Hey, Neal.

Tony Riter
Vice President-Investor Relations, nVent Electric Plc
A

Good morning.

Neal Burk
Analyst, UBS Securities LLC
Q

So another question about Maverick. So just trying to think about the implications of Maverick doubling your content in data centers to $2 million per megawatt. I mean, this is probably simplistic, but does that mean that over time, your data center revenues could double from what they were before the acquisition? Maverick revenues start around $700 million. So clearly, that isn't the impact, right, out of the gate, but just trying to think about the growth opportunity over time.

Beth A. Wozniak
Chair & Chief Executive Officer, nVent Electric Plc
A

Well, it certainly allows us as we bid on new projects or new data center opportunities, we have more content and more capability. And not to mention, as I said previously, the ability for us to think about cooling and power and everything that we bring together, we certainly have greater opportunity. And I think it really for us is about just

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ensuring that as we see into the future, about 800-volt DC and other needed solutions, having power and cooling we think is very complementary.

Neal Burk
Analyst, UBS Securities LLC

Q

And one follow-up on order, you clearly had a really tough 3Q comp of last year, orders were very strong. Are those now fully recognized in revenue at this point? I ask because you've had two quarters now where organic sales grew well above orders, which are sort low double digits. So I'm just trying to understand, like conceptually, I know you don't like to talk about future orders, but just conceptually, can we continue to see the sort of 30% to 40-plus percent top line growth that we've been seeing when orders are sort of growing well below that, or would you expect these to sort of converge over time?

Gary Louis Corona
Chief Financial Officer & Executive Vice President, nVent Electric Plc

A

So, this is Gary. I'll take that and what's important to remember is that we've talked about orders being lumpy and the timing of those orders being lumpy. But I'll look at the two-year stack of orders for us just this quarter and it's very strong and you look at what best comments were about October. As our business continues to evolve to more long cycle, we expect that backlog to build, especially as Maverick Power comes in to our portfolio and we report them with the broader business.

Neal Burk
Analyst, UBS Securities LLC

Q

Fair. Thanks.

Operator: The next question comes from Varun Govindaraj from Bernstein. Please go ahead.

Varun Govindaraj
Analyst, Bernstein Institutional Services LLC

Q

Good morning, everyone. Thanks for the question. I wanted to understand how you think about opening new facilities and what you sort of look for before making that decision. Is it more just broader demand trends or do you need to see some level of customer commitment before breaking grounds?

Beth A. Wozniak
Chair & Chief Executive Officer, nVent Electric Plc

A

Well, it's a combination of many things. When we look at a new facility, we look at, in some cases, the orders that we have on hand or orders that we can't fulfill, so to speak. We look at just what we see our customers telling us, and it's multiple factors there that we then decide to make that investment.

So it's very prudent. We have a good sense of direction of where the market's headed, what our customers are saying, what the opportunities are. And then we are very disciplined, as you can expect, in terms of how we think about those returns. And I think Gary always likes to say those returns are very good every time that we've invested in new capacity expansion.

Gary Louis Corona
Chief Financial Officer & Executive Vice President, nVent Electric Plc

A

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Yeah, just to build on the discipline, we go back and take a look at our significant investments and ensure that they're delivering the returns that we expected and many times, they have over-delivered our initial expectations from an ROI perspective.

Varun Govindaraj
Analyst, Bernstein Institutional Services LLC

Q

No, absolutely. Thank you for the color. And then just as a quick follow-up, can you talk about any of the actions you are taking right now on supply chain resilience? Obviously, at this level of growth, your suppliers are probably stretched as well. So anything you can share there would be helpful.

Beth A. Wozniak
Chair & Chief Executive Officer, nVent Electric Plc

A

Yeah, certainly. As we see this growth rate and the velocity and the demand and the ability to respond, I mentioned it, 100 days for us, many of our suppliers, they too are having to add capacity. Sometimes that is new lines, sometimes that's new facilities. So we're trying to work hand-in-hand with them to ensure that they understand our forecast, that we're working through bringing new capacity online together, because we're only going to be successful, if they're successful with us. So it's a lot of work. We always say that, we try to be very prudent when we give our guidance, given that there's a lot going on from our own capacity expansion to our suppliers as well.

Varun Govindaraj
Analyst, Bernstein Institutional Services LLC

Q

Thank you so much. I'll pass it on.

Operator: The next question comes from Nicole DeBlase from Deutsche Bank. Please go ahead.

Nicole DeBlase
Analyst, Deutsche Bank Securities, Inc.

Q

Yeah, thanks. Good morning, Beth and Gary.

Beth A. Wozniak
Chair & Chief Executive Officer, nVent Electric Plc

A

Good morning.

Gary Louis Corona
Chief Financial Officer & Executive Vice President, nVent Electric Plc

A

Good morning, Nicole.

Nicole DeBlase
Analyst, Deutsche Bank Securities, Inc.

Q

Just wanted to ask one on 4Q. Gary, the revenue guidance kind of implies flattish total revenue sequentially, which is a bit of a head scratcher just because like Maverick is coming into the mix and we've obviously seen how strong the backlog and order growth is, plus you guys continue to work to add capacity. So just curious if that's like prudence and conservatism, which we've come to expect from nVent or if there's any other reasons we should be thinking about?

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Gary Louis Corona
Chief Financial Officer & Executive Vice President, nVent Electric Plc
A

Yeah. Thanks, Nicole. Our Q4 organic guide is still quite healthy and the two-year stack is still over 50%. So great growth for us. It is a tick down. Some of that is seasonality in our business that we normally see a bit of a step-back. And look, in Q4, we could maybe have delivered more, but as Beth talked about, we're navigating and being prudent with how we manage the supply chain and that's something that is incorporated into our guidance. I will say we're really pleased with the year, we're going to grow almost $2 billion year-over-year on the revenue basis and $2 of additional EPS. So we feel really good about the growth that we're delivering in 2026.

Nicole DeBlase
Analyst, Deutsche Bank Securities, Inc.
Q

Understood. Thanks, Gary. And then just coming back on Maverick, I think you said in response to a prior question that it's like mid-teens margins in the fourth quarter. Does that incorporate some of the growth investments that you're making? And I guess the question is like as you look out over the next several years and integrate Maverick, do you think it has the potential to get to Systems Protection or nVent average margins?

Gary Louis Corona
Chief Financial Officer & Executive Vice President, nVent Electric Plc
A

Yeah. Nicole, exactly. Significant ramp happening in Maverick and we've incorporated those investments into our guide. We expect those margins to improve, both from the growth and the – fully utilizing those facilities that Beth talked about. It's only 30 days, so I'm not ready to [ph] straight (00:47:32) the exact expectations for Maverick margins. But we do expect them to certainly improve as we get into 2027 and beyond.

Nicole DeBlase
Analyst, Deutsche Bank Securities, Inc.
Q

Thanks, Gary. I'll pass it on.

Operator: The next question comes from Luke Junk with Baird. Please go ahead.

Luke L. Junk
Analyst, Robert W. Baird & Co., Inc.
Q

Hi. Good morning. Thanks for taking the questions.

Gary Louis Corona
Chief Financial Officer & Executive Vice President, nVent Electric Plc
A

Hey, Luke.

Luke L. Junk
Analyst, Robert W. Baird & Co., Inc.
Q

Beth, of course, another Maverick question, but want to take it in a little different direction in terms of a strategic question. Just be curious to get your color around initial engagement with customers, either after announcing the deal, or now that you've owned it for about a month here, just in terms of locking them into your current relationships and starting to lay the groundwork [ph] first on thermal and power (00:48:16) as a system level solution. Thank you.

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Beth A. Wozniak
Chair & Chief Executive Officer, nVent Electric Plc

A

Well, certainly, we had very favorable reaction to the acquisition, both from our nVent customers and from Maverick's customers, because they know that just the capabilities that each company has, there is more that we can bring together. And as we think about the opportunity, certainly there're – as in anything, we look at the synergies around growth about – if you think about, we have developed over the last several years a very strong commercial organization which we believe with the Maverick's offering, we're going to have the opportunity to drive their reach beyond what they had today.

So, overall, I think it's a great new platform for us and very complementary to what we do and it kind of follows our flywheel, we find companies that have great products that we can invest in and scale to grow.

Luke L. Junk
Analyst, Robert W. Baird & Co., Inc.

Q

Got it. And then for my follow-up, I'll ask on Electrical Connections, [indiscernible] (00:49:25) I'm just curious, were you surprised to see the growth accelerate sequentially there? I think it's maybe better than expectations and kind of unpacking that any of the upside drivers on that low-20s plus kind of growth rate?

Gary Louis Corona
Chief Financial Officer & Executive Vice President, nVent Electric Plc

A

Hey, Luke, you were cutting in and out, we could not understand that question. Not sure if it's on your end or...

Luke L. Junk
Analyst, Robert W. Baird & Co., Inc.

Q

Yeah. Let me try it again here. Yeah, Electrical...

Gary Louis Corona
Chief Financial Officer & Executive Vice President, nVent Electric Plc

A

Much better.

Luke L. Junk
Analyst, Robert W. Baird & Co., Inc.

Q

....Connections, the...

Gary Louis Corona
Chief Financial Officer & Executive Vice President, nVent Electric Plc

A

Much better. Much better.

Luke L. Junk
Analyst, Robert W. Baird & Co., Inc.

Q

...yeah, growth accelerating there. I think that was a bit better than your expectations in the low 20-plus range here. Just kind of can you unpack what was better-than-expected there and any particular drivers that we should be focused on? Thank you.

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Beth A. Wozniak
Chair & Chief Executive Officer, nVent Electric Plc
A

And sorry, you meant the growth rate for – compared to what...

Gary Louis Corona
Chief Financial Officer & Executive Vice President, nVent Electric Plc
A

Electrical Connections.

Luke L. Junk
Analyst, Robert W. Baird & Co., Inc.
Q

Yeah, just Electrical Connections...

Beth A. Wozniak
Chair & Chief Executive Officer, nVent Electric Plc
A

Oh, Electrical Connections.

Gary Louis Corona
Chief Financial Officer & Executive Vice President, nVent Electric Plc
A

Yeah.

Luke L. Junk
Analyst, Robert W. Baird & Co., Inc.
Q

...versus expectations and accelerating sequentially.

Beth A. Wozniak
Chair & Chief Executive Officer, nVent Electric Plc
A

Yes. We had another great quarter for Electrical Connections and I think it speaks to our focus on our growth initiatives. So as you know, that has always been a very strong segment focused on commercial and we've had the product portfolio there. We focused it on infrastructure and industrial as well as some of our commercial actions. So, we've seen significant growth opportunities. New products are contributing to this. And I would also say one of the things and this is not just Electrical Connections, but the nVent portfolio, we are seeing very strong growth through our distribution channel and that speaks to the broad-based growth that we're seeing across industrial, infrastructure and commercial for that matter.

Luke L. Junk
Analyst, Robert W. Baird & Co., Inc.
Q

I'll leave it there. Thank you.

Beth A. Wozniak
Chair & Chief Executive Officer, nVent Electric Plc
A

Thank you.

Operator: The next question comes from Scott Graham with Seaport Research Partners. Please go ahead.

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Scott Graham
Analyst, Seaport Research Partners

Q

Hi. Good morning, Beth, Gary and Tony. I wanted to first ask about just the 40,000 feet data centers. You see what's going on out there with – there's pockets of suppliers saying a little slower, a little pause and what have you. Obviously, you're not seeing that. But I was just wondering, in your customer conversations, I know it's kind of two-step, but nevertheless you get good visibility on sales there reading through to the OEM. I'm just wondering, are you seeing any less urgency in that market? I know for a while there it's really having trouble keeping up with things and you're adding capacity, I get all of that, but is there a tenor of maybe less urgency for orders in that market?

Beth A. Wozniak
Chair & Chief Executive Officer, nVent Electric Plc

A

So, Scott, I will say that we also have direct relationships with those end customers. So we get a lot of feedback that way as well. And no, I would say there is a sense of urgency in terms of are we able to do more. I mean, that's more – can we have more output? Can we respond faster, bring in lead times? So, we're not seeing that slowing all. If anything, it's just – I talked earlier in my prepared remarks about the pace of growth and the velocity needed. It's a lot of hard work and that's continuing.

Scott Graham
Analyst, Seaport Research Partners

Q

I appreciate that. Thank you. I just want to maybe ask a follow-up question about the Electrical Connections margin, which has been declining for some time and historically, I remember, with Pentair and even in the early days with you spin out, but pricing was always one of the strengths of this business and I'm just wondering, I know acquisitions were a factor last year, but there's continued decline in that segment's margins. Can you kind of give us some color on where that's coming from, again, another 40,000 footer in that way? Thanks.

Gary Louis Corona
Chief Financial Officer & Executive Vice President, nVent Electric Plc

A

Yeah, yeah, Scott. It's Gary, and I appreciate the question and I'll start with what we're focused on in Electrical Connections right now, which is growth. And to deliver a couple of quarters in a row around 20%, it is breakthrough growth for that business and a lot of it has to do with the strategy change with focus more on industrial and infrastructure, reposition the portfolio and that's really driving that nice growth.

With that repositioning, we have some mix that is impacting the portfolio. But I will say the team has done a nice job to price away the inflation and we've been very consistent in kind of what we expected from that business, which is sequential improvement in margins and I'll take that high-20s margin with approximately 20% growth. So it's been a nice acceleration for that business this year and a bit different than what we had seen in the past.

Scott Graham
Analyst, Seaport Research Partners

Q

Thank you.

Operator: This concludes our question-and-answer session. I would like to turn the conference back over to Beth Wozniak for any closing remarks.

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Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

Thank you for joining us today. We are confident in our strategy and our ability to execute. We have significant growth opportunities ahead and multiple levers to drive continued margin expansion. I'm very proud of our outstanding performance in the third quarter and the continued progress we're making across nVent. We remain focused on delivering for our customers, employees and shareholders. nVent is a top-tier, high-performance electrical company, well-positioned to win with the powerful trends of electrification, sustainability and digitalization. We're excited about the opportunities ahead.

Thank you again for joining us today. This concludes our call.

Operator: The conference has now concluded. Thank you for attending today's presentation. You may now disconnect.

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