

31-Oct-2025

nVent Electric Plc (NVT)

Q3 2025 Earnings Call

CORPORATE PARTICIPANTS

Tony Riter

Vice President-Investor Relations, nVent Electric Plc

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

OTHER PARTICIPANTS

Joe Ritchie

Analyst, Goldman Sachs & Co. LLC

Deane Dray

Analyst, RBC Capital Markets LLC

Jeffrey Todd Sprague

Analyst, Vertical Research Partners LLC

Julian Mitchell

Analyst, Barclays Capital, Inc.

Nigel Coe

Analyst, Wolfe Research LLC

Brian Drab

Analyst, William Blair & Co. LLC

Nicole DeBlase

Analyst, Deutsche Bank Securities, Inc.

Jeffrey D. Hammond

Analyst, KeyBanc Capital Markets, Inc.

Vladimir Bystricky

Analyst, Citigroup Global Markets, Inc.

Scott Graham

Analyst, Seaport Global Securities LLC

MANAGEMENT DISCUSSION SECTION

Operator: Good day and welcome to the nVent Third Quarter 2025 Earnings 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 nVent's third quarter 2025 earnings call. On the call with me are Beth Wozniak, our Chair and Chief Executive Officer; and Gary Corona, our Chief Financial Officer. They will provide details on our third quarter performance and outlook for the fourth quarter and an update to our full year outlook. As a reminder, all results referenced throughout this presentation are on a continuing operations 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 in nVent's filings with the Securities 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

Thank you, Tony. And good morning, everyone. It's great to be with you today to share our outstanding third quarter results. Our portfolio transformation to become a more focused, higher growth, electrical connection and protection company is delivering results and accelerating our growth. We had record sales and adjusted EPS in the third quarter. For the first time, quarterly sales were more than \$1 billion. Adjusted EPS was \$0.91 both sales and EPS exceeded our guidance.

We also had record orders and backlog in the quarter. Organic orders were up approximately 65%, primarily driven by large orders for the AI data center buildout. Excluding data centers, organic orders grew high-single digits. With the record orders growth, our backlog grew strong double digits sequentially. We had very strong cash flow in the quarter and our balance sheet is healthy. Our first priority for capital allocation remains the same, invest in growth. We are investing in new products, commercial capabilities, and expanding four of our facilities to add capacity for data center and power utility growth.

Now onto slide 4 for a summary of our third quarter performance. Sales were up 35% and 16%, organically led by the infrastructure vertical. New products contributed over 5 points to sales growth year-to-date, and we have launched 66 new products so far this year. Adjusted operating income grew 27% year-over-year with return on sales of 20.2%. Adjusted EPS grew 44%. Looking at our key verticals, infrastructure led the way, with organic sales up over 40% with strength in both data centers and power utilities. Industrial and Commercial/Resi sales were each up low-single digits.

Turning to organic sales by geography, both Americas and Europe were strong. Americas grew high teens while Europe was up approximately 10% and Asia Pacific was down low-single digits. Looking ahead, we continue to expect infrastructure to have strong sales growth across both data centers and power utilities. We expect Industrial sales to grow low-single digits and Commercial/Resi to be flattish for the year. For guidance, we are again raising our full year sales and adjusted EPS guidance to reflect our outstanding third quarter results and stronger performance in data centers.

Our organic growth and recent acquisitions are expected to more than offset the EPS impact from the Thermal Management business we divested in the first quarter. Importantly, we cannot accomplish these results without the dedication of our nVent team. Transforming our portfolio and accelerating to become a higher growth company takes a lot of effort and teamwork. I am very proud and appreciative of all the hard work by our nVent team to support our customers and deliver this outstanding performance.

I will now turn the call over to Gary for further details on our third quarter results and our updated outlook for 2025. 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, along with very strong cash flow.

Let's turn to slide 5 to review our results. Sales of \$1,054 million were up 35% relative to last year. Organically, sales grew 16%, driven largely by volume and an increase contribution from price. Acquisitions added \$139 million to sales or 18 points to growth ahead of our guidance. Foreign exchange was roughly a 1-point tailwind.

Third quarter segment income was \$213 million, up 27%. Return on sales came in at 20.2%. Inflation was more than \$45 million, including nearly \$30 million in tariff impact. Price plus productivity offset inflation and we also continue to make investments for growth, particularly for data centers and our recent acquisitions. Q3 adjusted EPS was \$0.91, up 44% and above the high-end of our guidance range. We generated robust free cash flow of \$253 million, up 77% year-over-year.

Now please turn to slide 6 for a discussion on third quarter segment performance. Starting with systems protection, sales of \$716 million increased 50%. Acquisitions contributed 26 points to sales and have performed ahead of expectations. Organically, sales grew 23%, with all verticals growing. Infrastructure grew over 50% with continued strength in data centers. Commercial/Resi grew low-double digits. Industrial was up low-single digits.

Geographically, Americas and Europe were both strong, driven by data centers. Americas grew over 25% while Europe was up low teens. Asia Pacific was down low-single digits. Third quarter segment income was \$146 million, up 40%. Return on sales of 20.4% decreased 150 basis points year-over-year, impacted by inflation, acquisitions and growth investments.

Moving to Electrical Connections, sales of \$338 million increased 11%. Organic sales were up 5%, and the EPG acquisition contributed 6 points to sales. From a vertical perspective, infrastructure-led growing high teens, Industrial grew high-single digits and Commercial/Resi was flat. Geographically, sales were led by the Americas, up mid-single digits. Europe was flat and Asia-Pacific was down low-single digits. Segment income was \$102 million, up 10% versus last year. Return on sales improved sequentially, coming in at 30%. Compared to last year return on sales was down 40 basis points, mainly due to inflation and acquisitions. That wraps up the segments for the quarter.

Turning to the balance sheet and cash flow on slide 7, we ended the quarter with \$127 million of cash on hand and \$570 million available on our revolver. We had very strong quarterly cash flow generating \$253 million in free cash flow up 77% year-over-year. We believe our healthy balance sheet and strong liquidity position support our disciplined capital allocation strategy.

Turning to slide 8, where we outline our capital allocation priorities. We continue to prioritize growth and execute a balanced and disciplined approach to capital allocation to deliver great returns. We are investing in the business via R&D and CapEx for growth and supply chain resiliency. We returned \$351 million to shareholders year-to-date in the form of share repurchases and dividends. We exited the quarter just below our targeted leverage range. We believe we are well-positioned and have additional capacity for future capital deployment with our first priority being to invest in growth.

Moving to slide 9, as Beth shared earlier, we are raising our full year sales and adjusted EPS guidance to reflect our strong Q3 results and our improved outlook. We now forecast reported sales growth of 27% to 28%. That includes expected higher organic growth and approximately 16 points from acquisitions with foreign exchange approximately a 1-point tailwind. For organic sales growth, we now expect to grow between 10% and 11% versus

our prior guidance of 8% to 10%, reflecting our Q3 beat, along with stronger growth in data centers and power utilities.

We are raising our full year adjusted EPS range to \$3.31 to \$3.33, up 33% to 34% versus last year. This new guidance continues to reflect tariff impacts of approximately \$90 million. We expect to offset the impact of inflation, including tariffs through pricing, supply chain productivity and operational mitigating actions. For free cash flow, we expect conversion of 90% to 95%.

One additional modeling assumption to note we now expect corporate costs to be approximately \$120 million versus \$110 million previously. Looking at our fourth quarter outlook on slide 10, we forecast reported sales growth of 31% to 33% with acquisitions contributing approximately 15% to sales and foreign exchange, approximately a 1-point tailwind. Organic sales growth is expected to be up 15% to 17%. Price increases, coupled with productivity, are expected to offset inflation, including the tariff impacts in Q4. We expect adjusted EPS to be between \$0.87 and \$0.89, which at the midpoint reflects a nearly 50% increase relative to last year.

Wrapping up, we are pleased with our excellent third quarter performance, we delivered record sales and adjusted EPS and we are well positioned for a strong fourth quarter.

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 in our results. We have increased our exposure to the high growth infrastructure vertical. In addition, we have been investing in our data center business, which is growing and accelerating with the AI buildout. We believe the infrastructure vertical has the highest growth opportunity with the trends of electrification, sustainability and digitalization.

Turning to slide 12, I want to share our latest highlights on liquid cooling for data centers. We are a leader in liquid cooling with over a decade of experience, and more than 1 gigawatt of cooling deployed. Our strength lies in our ability to design modular, service-friendly, high performance systems that simplify deployment and provide resiliency across large scale environments. We differentiate with deep application expertise, complete system design, lab capability, rigorous testing, and a proven ability to manufacture at scale.

In September, we announced a new manufacturing facility in Minnesota, our second liquid cooling expansion in the last two years. This new facility is expected to begin production early next year and effectively double our overall footprint to support our record orders and backlog.

Recently, we were named to NVIDIA's partner network as a solution advisor with our cooling solution and design architecture. This brings both credibility and awareness with global customers designing next generation AI facilities. At the upcoming Supercomputing Conference, we will debut over 10 new products, including our newest generation of high performance, high reliability, modular liquid cooling solutions, purpose-built to meet the growing power and thermal demands of next-generation AI data centers. And we now have a new tagline for our liquid cooling solutions, we do cool stuff.

Wrapping up on slide 13, we had record performance in the third quarter, including strong double-digit growth in orders, sales, adjusted EPS and free cash flow. Our backlog has never been larger. Our portfolio transformation and our focus on data centers is delivering accelerated growth, which we expect to continue in Q4 and beyond.

I'm very proud of our nVent team that is working tirelessly on growth, delivering for our customers and our shareholders. We believe we are well-positioned with the electrification, sustainability and digitalization trends. 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: We will now begin the question-and-answer session. [Operator Instructions] Our first question comes from Joe Ritchie with Goldman Sachs. Please go ahead.

Joe Ritchie

Analyst, Goldman Sachs & Co. LLC

Thanks. Good morning, everyone.

Q

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

Good morning.

A

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

Morning.

A

Joe Ritchie

Analyst, Goldman Sachs & Co. LLC

Yeah. So, look, let's start with the with the incredible order acceleration this quarter. Beth, I'm wondering if you can maybe just parse that out a little further for me. So it seems if my math is right, your data center orders were up at an almost 3 times this quarter. I'm just wondering, are you starting to like see a little further out in your pipeline for data centers with the lead times still pretty comparable? I always think of your backlog as being kind of like 9 to 12 months. And is the type of data center order changing? So are you doing more modular type data centers, just any color on that would be helpful.

Q

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

Okay. Thanks for the question. Well, yes, you are correct. Our data center orders are accelerating. And as we look at that, some of those orders are through 2026. But we do have some view into 2027. And of course, we have visibility into 2027 and beyond with some of our key customers. One of our key focus areas this year was to continue to expand our customer base and expand our portfolio. So I would say we're seeing some new customers there as well. But as you know, a lot of these orders are particularly for liquid cooling and are large orders. And so they can be lumpy. And I think we're just seeing the overall data center growth accelerating.

A

Joe Ritchie

Analyst, Goldman Sachs & Co. LLC

Okay. Great. And then maybe just as part of that question, just the type of data centers that you're actually booking orders for, I know that you have some more modular offerings as well that typically carries higher content.

Q

Just trying to get an understanding for the orders that were booked this quarter, whether you're seeing any shifts in the type of orders that you're booking for the data center business. Thank you.

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Thanks. Thanks for the question. As I mentioned, we are expanding the customer base and we are seeing a broader range of orders. So it's not just liquid cooling. There's other things in there, in cable management and our power distribution units. What I would say our expectations for seeing smaller customer orders through distribution, for example, goes hand in hand with this portfolio of new products that we are going to showcase at Super Compute and launching through the end of this year and into next year. And I think that will take some time. But we really do expect that modular platform and suite of products to really drive a further diversification of our customer base. And of course, I want to make the point that the level of orders that we're seeing that gave us confidence for our capacity expansion to be able to meet that overall demand.

Joe Ritchie

Analyst, Goldman Sachs & Co. LLC

Q

Yeah. Great. Great to see you. I'll see you at the Super Compute. Thank you.

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Excellent. Thanks, Joe.

Operator: Our next question comes from Deane Dray with RBC Capital. Please go ahead.

Deane Dray

Analyst, RBC Capital Markets LLC

Q

Thank you. Good morning, everyone.

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.

Deane Dray

Analyst, RBC Capital Markets LLC

Q

Hey, want to stick with this, the new modular liquid cooling launch. So congratulations. Can you talk a bit about the implications for the industry data cooling specifically? Is it moving more towards standardization? Will there be, what are the implications that there's less customization? What does that do to your mix?

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Yeah. Thank you for the question, Deane. I think one of the things that we've stated is, it's a modular platform. And as we start to see expansion of liquid cooling from hyperscalers to co-los to enterprise to more different types of customers, that we wanted to have complete flexibility in our offering. And so the modular approach allows us to meet higher flow rates, higher power rates and/or smaller applications. And so, if anything, we're seeing more standardization on the interoperability, which is really key for all these data center customers. But the modularization gives us the flexibility and allows us to scale through our manufacturing processes our capabilities to be able to deliver with speed. So if anything, what we're – what this whole launch of new products is allowing us to expand liquid cooling beyond hyperscalers into more diverse customers and applications.

Deane Dray

Analyst, RBC Capital Markets LLC

Q

Great. That's exactly what I was looking for. So I appreciate that. And then second question, and thank you for sizing the capacity expansion. You said it was 2 times. Can you help unpack the margin impact on systems protection? You said part of it, the decline, which we had modeled for was the impact of investments. Is that all M&A? But is there any capacity expansion there at that new facility?

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

A

Hey, Deane, this is Gary. I'll take the margin question. And as you noted, systems protection in the quarter was actually a bit better than we expected on the margin line. Some of that is driven by growth. But certainly also we did experience a bit of a headwind from the M&A in systems protection, but a bit less than we expected. And the investments are certainly in there to support the really nice growth both of the business this year, as well as we move into next year and expand capacity. So good quarter for systems protection on the top line and on the bottom line.

Deane Dray

Analyst, RBC Capital Markets LLC

Q

It is the capacity expansion in that as well or is that part of the CapEx spend?

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

A

Yeah. It's both CapEx and OpEx investment to support the expansion.

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Including investments in our engineering capability as we continue to launch and expand our new product offerings.

Deane Dray

Analyst, RBC Capital Markets LLC

Q

Great. Thank you.

Operator: Our next question comes from Jeff Sprague with Vertical Research. Please go ahead.

Jeffrey Todd Sprague

Analyst, Vertical Research Partners LLC

Q

Hey, just back to all these orders [audio gap] (00:24:57) right on this. First I'm just wondering, are you including in the [audio gap] (00:25:03) like orders at Avail EPG because you now own it and therefore you consider those organic. And I'm just – I'm also just wondering sort the base we're coming off of. Obviously, things are very, very strong, right. But you don't want to run with 300% order growth if that somehow misleading, so to speak. So if you can just kind of give us a sense of the base and this question about the acquisitions, if any?

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Yeah. When we talk about the 65% order growth, that is all organic and so that does not include inorganic. So for example, the Avail EPG acquisition. So this is all the organic orders and as we mentioned, the core business is up high-single digits on orders and ex-Avail EPG, but data centers overall is driving significant order growth for overall nVent.

Jeffrey Todd Sprague

Analyst, Vertical Research Partners LLC

Q

Yeah. And then can we just think about as we're going to exit the year with data center being roughly 20% of revenues? What percent of orders might it be as we think about 2025?

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

A

Jeff, as you think about I mean, if you kind of go back to [indiscernible] (00:26:32) think about it from the standpoint of all-in orders were roughly 65% organically taking data solutions out. So you can say 22% of the business, orders were up high-single digits. So certainly, data centers are growing very, very healthy. In the quarter, we saw some very large orders come in.

Jeffrey Todd Sprague

Analyst, Vertical Research Partners LLC

Q

Right. No. Understood. And then can you just give a little bit of more color on what you're seeing on the utility side of the equation? Primarily, I would guess, enclosure related and alike, but any other detail there would be quite interesting. Thank you.

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Yeah. I think on the utility side, we've continued to see nice orders in our electrical and fastening solutions business recall they have some utility exposure. And then what we're also seeing is continued orders and continued growth for the large enclosures that we acquired through the last two acquisitions. So overall, we talked about our growth being driven by both data centers and power utilities and that we've been expanding our capacity to support power utilities as well.

Jeffrey Todd Sprague

Analyst, Vertical Research Partners LLC

Q

Great. Thank you.

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Thank you.

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

Thanks, Jeff.

A

Operator: Our next question comes from Julian Mitchell with Barclays. Please go ahead.

Julian Mitchell

Analyst, Barclays Capital, Inc.

Hi. Good morning. Maybe just wanted to start off with the operating margin outlook. So I think the fourth quarter, it seems that maybe the operating margin that's dialed in is maybe up slightly sequentially and down a bit year-on-year may be in that 20%, 21% range. Just wanted to understand if that's the right sort of placeholder and should we expect the company to return to operating margin expansion sort of fairly soon next year just when you're thinking about the margins in the backlog and the margins in the current orders being booked today?

Q

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

Hey, Julian. It's Gary. Thanks for the question. And you're pretty close there. Margin performance for the quarter it came in essentially in line with our expectations, coming into the quarter for the second half excluding EPG, we expected margins to be slightly down in the third quarter and up in the fourth quarter. And that's what we've assumed in our updated guidance. Q3 has impacted by recent acquisitions being margin dilutive, the investments for growth that we talked about, and it's worth mentioning, we had higher incentive compensation in the quarter as our 2025 performance continues to exceed expectations. And as you mentioned, Q4 margins will be up sequentially and an improvement to Q3 as our actions continue to build and we'll build up excluding EPG in the fourth quarter. We're not going to give guidance here on 2026 on this call, but all in we do expect margins to improve and to see better incrementals next year.

A

Julian Mitchell

Analyst, Barclays Capital, Inc.

That's very helpful. Thanks, Gary. And then just circling back, I'm sure not for the last time to the whole orders and so forth, discussion, maybe one other way I would ask about it perhaps is that I know you don't disclose the backlog quarterly, but you typically in the 10-Q disclosed the RPO and I think that was about \$800 million at the end of June, up from about \$150 million in March. I know we'll get the Q fairly in the next few days, but any help you could give us on how that RPO ended September just as some kind of crude backlog movement proxy?

Q

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

Hey, Julian. As we mentioned in the script, our backlog was up double digits sequentially. And we're feeling very good about where we're at. And we will disclose the backlog as we get to the end of the year.

A

Julian Mitchell

Analyst, Barclays Capital, Inc.

Got it. And for the RPO sort of moving sort of commensurate with that.

Q

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

A

[indiscernible] (00:31:30).

Julian Mitchell

Analyst, Barclays Capital, Inc.

Great. Thank you.

Q

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

Nigel Coe

Analyst, Wolfe Research LLC

Thanks. Good morning. Gary, I'm going to really annoy you here. We're calculating something in the range of about a 1.3 times book to bill. Would that be in the right zone again [indiscernible] (00:31:59) but in that kind of ballpark? And then just thinking about the gross margins, obviously, you're sort of absorbing a lot of headwinds here with tariffs, inflation, acquisition dilution, how do we think about the contribution margin from liquid cooling sort of ramp up? Is the gross margin comparable to the average here or is there any kind of variance that we should be aware of? Thanks.

Q

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

Yeah. I'll just start with – we're not going to disclose the book to bill, but we had healthy book to bill in both segments in the quarter. Gross margin perspective, as I mentioned in the script, price and productivity is offsetting inflation. What's not offsetting is the investments that we're making and then the incremental compensation expenses as I mentioned. But we do feel really good about our margins on liquid cooling. And as we've mentioned before, they're healthy and in line with the averages in systems protection. So well, it's also worth mentioning from a gross margin perspective, we bought a couple of businesses that structurally had lower gross margin. We've got good plans in place as we deliver against our playbook, but it's in line with our expectations. And we expect it to continue to improve.

A

Nigel Coe

Analyst, Wolfe Research LLC

Okay. You can't be in for trying to get that number, but thanks for the detail there. And then just a quick one on four key modeling, your revenue range, obviously very healthy growth, but it does imply revenue step down quite a bit in, I think maybe 5% in 4Q Q-o-Q. As the mix of data center increases, I expect that, the quarterly revenue profile to be a lot more stable. In fact, in many cases, 4Q can be stronger than 3Q in the data centers, just curious, why sales would be below so much further below 3Q levels?

Q

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

Well, one thing I just want to point out, yes, certainly there's strength in data centers, but typically as a business, we always see Q4 as a lower revenue quarter. And recall in Q4, it depends what our distribution channel wants to do with their inventory position. So we tend to see some seasonality in the core business in Q4.

A

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

And our organic guidance 15% to 17% is very much in line with the growth that we're seeing, which is significantly accelerated from the first half and where we've been. We guided 15 points from acquisitions in the fourth quarter.

A

That is down a bit from a much higher than expected performance in Q3. But remember, we also had a little bit attractive in the inorganic growth in Q3.

Nigel Coe

Analyst, Wolfe Research LLC



Yeah. Okay. Thanks a lot, guys.

Operator: Our next question comes from Brian Drab with William Blair. Please go ahead.

Brian Drab

Analyst, William Blair & Co. LLC



Hi. Good morning and thanks for taking my questions. I was wondering if you could just remind us of the margin impact as you're developing this modular solution and you're rolling out new products, a lot of which are going to be in the standard – more standardized category. How does that impact margins and maybe like the timing of when we can start to see that impact margins?

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc



Yeah. Brian, as we create this more modular suite of products over time, we expect that to scale through distribution and we typically see stronger margins for our distribution business. But that is going to take some time because certainly there's a lot of growth through our hyperscaler customers. So that – we won't see that any impact on margin there. The margins will continue to be good and in line, but it'll be a while before we really see that grow to the scale that we see. But that is our strategy as we go forward, that liquid cooling will play a role in many different applications and even beyond data centers.

Brian Drab

Analyst, William Blair & Co. LLC



Okay. Thanks. And then, there's – it seems like every couple of months or six weeks, there's just a panic among investors around these companies like – new stocks like nVent and others expose the data center because there's some new technology that's going to change entirely the way that we're cooling data centers, microfluidics announcement from Microsoft and earlier announcements from Amazon. And people are talking about two-phase direct-to-chip potentially changing the world. Can you just talk for a second about what you're seeing across all the different types of customers that you're serving? And what direction do you see the market going over the next two years to three years in terms of technology?

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc



Well, sure. I mean, recall we always start with by saying that less than 10% of data centers are liquid cooled. And as you think about the new GPU chips and the need for liquid cooling, it is only going to expand. And on top of that, liquid cooling also provides up to 50% energy efficiency. So when you think about it from that perspective, there's going to be a continued increase in liquid cooling and there's many different types of architectures. However, right, our view is you need to have a cooling distribution unit and typically some manifolds, no matter what configuration you have, whether it's immersion, whether it's cold plate, there still needs to be that controlling CDU type of capability.

And in fact, at Super Compute, what we're showing a whole launch of new products, we're also showing how we partner with emerging players and how we partner with those who are looking at two-phase. We think some of those cooling technologies will have applications, but not as broad. And so our strategy has been to have a wide range of products and portfolio, and we're flexible that we can integrate with any of these different types of cooling technologies and fluids that are being used.

Brian Drab

Analyst, William Blair & Co. LLC

Q

That's really helpful. Thanks very much.

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

Nicole DeBlase

Analyst, Deutsche Bank Securities, Inc.

Q

Yeah. Thank you. 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

Good morning.

Nicole DeBlase

Analyst, Deutsche Bank Securities, Inc.

Q

Can we just start with EPG Avail? I think in the slides you mentioned that the business was performing ahead of your expectations. Is there any way to give some stats on, what you're seeing with respect to apples to apples growth in that business or if it's margins ahead of expectations, just some more color there would be helpful?

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Yeah. I think when we think about, as we said when we acquired both Trachte and Avail, we really were building a more core utility platform base. And I think what we have, why we've said it's exceeded expectations is some of our growth synergies that we're seeing this growth in both the gray space, certainly the need for power because of data centers continues to grow and there's nice steady growth there. But we're seeing some more data center applications. Some of that is because of the customers that we've had, that we've brought with these acquisitions. And some of it is just the overall demand to more modular or ensuring that there is data center pause and things like that. So that's when we talk about exceeding our expectations. We're finding more applications and we're winning some new type of business. And I'll let Gary speak on the margin side.

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

A

Yeah. Just to build, we're seeing double digits apples to apples growth. It will contribute 15 points to the fourth quarter and it's nicely accretive for us in the first year. And based on the really strong and ahead of expectations, revenue and profit in Q2 and Q3, Nicole, it'll be approximately a \$0.10 impact to EPS higher than the nickel that

we originally quoted when we had just acquired the business. Of course, that's net of the lost interest benefit that we initially guided on. So really nice performance from EPG both on the top line and on the bottom line.

Nicole DeBlase

Analyst, Deutsche Bank Securities, Inc.

Q

That's great. Thank you both for that. And then just on the non-data center order growth in the high-single digit range. Beth, can you just parse that out a little bit between Com/Resi and industrial? Like did you see growth across all of your markets in the quarter? Thank you.

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Yeah. We did. So we certainly saw strength of orders in Industrial, in Commercial/Resi and certainly saw some strength there for our electrical connections business as well. So we were very pleased with just the breadth of the order growth.

Nicole DeBlase

Analyst, Deutsche Bank Securities, Inc.

Q

Thank you. I'll pass it on.

Operator: Our 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

Good morning.

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

A

Hi, Jeff.

Jeffrey D. Hammond

Analyst, KeyBanc Capital Markets, Inc.

Q

Just wanted – I think, with all this demand, it's awesome and you guys are adding capacity. And I think what we're hearing from some of our other companies is just how hard it is. And you guys seem to be confident that the margin trajectory starts to improve as you get through kind of the acquisition noise. So I'm just wondering what you think are the big challenges or pitfalls as you kind of ramp all this capacity and you're getting all this business? Thanks.

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Well, growth is hard. And that's why I said our employees are working really hard, because as you scale, we've got to ensure that, we're expanding our facilities, that we're bringing them online, that we're developing our supply

chain. I do think that's a strength for us because as I started, we've been over it, working it in liquid cooling for over a decade. So we're partnering well with suppliers to help them scale. We're having to ramp up in terms of people and finding innovative ways to train and bring people into our facilities. So there's a lot that we're doing, but I will say this, the fact that our expansions have been close to where our core capabilities are and our lab expansion, it's given us a lot of flexibility. So it's a lot of work. But I think we've got a very disciplined approach to how we're driving this increase in growth.

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

Q

Okay. That's great. And then just a quick one, a follow-up on EPG Avail. I think with Trachte that you found some really good business optimization and flow in the plan. I'm wondering if you're seeing similar opportunity with Avail and if you're considering any capacity expansions I think you're doing some on Trachte already with Avail.

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

A

I'd say it's a similar story. Certainly part of our integration playbook is to look at some of the areas for optimization, which includes looking at lean and flow through the plants, which does provide capacity. It's looking at our supply chain capabilities in combination and where we can drive, where we can look at to strengthen the supply base. And yes, we are expanding our capacity in many of these facilities, both with people and extensions to those plants to be able to support the demand that we see.

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

Q

Okay. I appreciate the color, Beth.

Operator: Our 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 my call. So just wanted to follow-up on the comments about the stronger M&A contribution in 3Q and the slight raise to the outlook for 2025. Can you talk about, is that driven by better demand patterns that you're seeing or is that more reflective of better productivity and your ability to ship product out versus sort of your initial expectations?

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

A

Thanks, Vlad. Yeah. As I had mentioned, our acquisition of Avail EPG is performing well. And to answer your question directly, it's both. We are driving more top line growth than initially expected and the margins are looking a bit better than we initially forecasted as well as we drive scale and efficiency through the plant network. So very pleased with the acquisition and look for continued growth there.

Vladimir Bystricky*Analyst, Citigroup Global Markets, Inc.*

Q

Great. Appreciate that color, Gary. And then just circling back to data centers and the liquid cooling growth that you're seeing, I know Beth you mentioned and highlighted some large orders that came through in the quarter. Can you just talk about, what you see in the large order pipeline going forward and whether you see in your

pipeline, incremental large orders like you saw in 3Q that could repeat over the coming quarters, understanding that they can be lumpy?

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

Well, certainly, large orders are typically tied to larger programs from hyperscalers. They do tend to be lumpy. So they may not – it's not smooth the way those orders get booked. But I think that's just how we see the overall data center business accelerating. And again, it was those orders and that backlog build, which is – which we tied to why we're investing in expanded capacity, which will be online here in 2026.

A

Vladimir Bystricky

Analyst, Citigroup Global Markets, Inc.

Great. Thanks for that, Beth. I'll get back in queue.

Q

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

Thank you.

A

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

Scott Graham

Analyst, Seaport Global Securities LLC

Hi, good morning. Congratulations on the quarter. I was hoping you guys would tell us...

Q

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

Hey, Scott.

A

Scott Graham

Analyst, Seaport Global Securities LLC

...maybe on the 5% contribution from new products. If we took out infrastructure, what would that number look like?

Q

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

Well, it would be lower. Just like a lot of our growth being driven by infrastructure, we intentionally are focusing on new products across both data centers and power utilities and that infrastructure vertical. So strategically, as we position the nVent portfolio to be more aligned with those macro trends, those investments in new products and R&D are also targeting infrastructure. So that's intentional.

A

Scott Graham

Analyst, Seaport Global Securities LLC

Okay. So it's possible that the 5% is all infrastructure, would you say?

Q

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

No, it's not all infrastructure. Oh, no. It's not all infrastructure.

A

Scott Graham

Analyst, Seaport Global Securities LLC

Okay.

Q

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

But it certainly has a significant portion of infrastructure.

A

Scott Graham

Analyst, Seaport Global Securities LLC

Thank you for that. One easy one, will fourth quarter tariff impacts on both in dollars and sort of with the price cost the calculation we do here, even including the productivity, will tariffs be about the same in the fourth quarter as they were in the third? And what is that overall net number kind of look like, that net productivity number?

Q

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

Yeah. So, as I mentioned, the tariff dollars will continue to build. But I had mentioned as well earlier is that we expect price to be sequentially stronger in Q4 as well. And that's what's driving from a margin perspective, excluding EPG, we expect to be up in the fourth quarter.

A

Scott Graham

Analyst, Seaport Global Securities LLC

Thank you for that, Gary. If I could just sneak in this last one. The net leverage, I know you said it's like a little bit below your target. What does that look like pro forma right now? Is that like 1.8 type of number or in that territory?

Q

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

Yeah. You're right in the zone there.

A

Scott Graham

Analyst, Seaport Global Securities LLC

Thanks.

Q

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

Thanks, Scott.

A

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

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

Thank you for joining us today. I'm extremely proud of our performance in the third quarter. We will continue to focus on delivering for our customers, employees and shareholders by executing on our growth strategy. We believe nVent is a top tier, high performance electrical company, well positioned for the electrification, sustainability and digitalization trends. Thanks again for joining us. This concludes the call.

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

Disclaimer

The information herein is based on sources we believe to be reliable but is not guaranteed by us and does not purport to be a complete or error-free statement or summary of the available data. As such, we do not warrant, endorse or guarantee the completeness, accuracy, integrity, or timeliness of the information. You must evaluate, and bear all risks associated with, the use of any information provided hereunder, including any reliance on the accuracy, completeness, safety or usefulness of such information. This information is not intended to be used as the primary basis of investment decisions. It should not be construed as advice designed to meet the particular investment needs of any investor. This report is published solely for information purposes, and is not to be construed as financial or other advice or as an offer to sell or the solicitation of an offer to buy any security in any state where such an offer or solicitation would be illegal. Any information expressed herein on this date is subject to change without notice. Any opinions or assertions contained in this information do not represent the opinions or beliefs of FactSet CallStreet, LLC. FactSet CallStreet, LLC, or one or more of its employees, including the writer of this report, may have a position in any of the securities discussed herein.

THE INFORMATION PROVIDED TO YOU HEREUNDER IS PROVIDED "AS IS," AND TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, FactSet CallStreet, LLC AND ITS LICENSORS, BUSINESS ASSOCIATES AND SUPPLIERS DISCLAIM ALL WARRANTIES WITH RESPECT TO THE SAME, EXPRESS, IMPLIED AND STATUTORY, INCLUDING WITHOUT LIMITATION ANY IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, ACCURACY, COMPLETENESS, AND NON-INFRINGEMENT. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, NEITHER FACTSET CALLSTREET, LLC NOR ITS OFFICERS, MEMBERS, DIRECTORS, PARTNERS, AFFILIATES, BUSINESS ASSOCIATES, LICENSORS OR SUPPLIERS WILL BE LIABLE FOR ANY INDIRECT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR PUNITIVE DAMAGES, INCLUDING WITHOUT LIMITATION DAMAGES FOR LOST PROFITS OR REVENUES, GOODWILL, WORK STOPPAGE, SECURITY BREACHES, VIRUSES, COMPUTER FAILURE OR MALFUNCTION, USE, DATA OR OTHER INTANGIBLE LOSSES OR COMMERCIAL DAMAGES, EVEN IF ANY OF SUCH PARTIES IS ADVISED OF THE POSSIBILITY OF SUCH LOSSES, ARISING UNDER OR IN CONNECTION WITH THE INFORMATION PROVIDED HEREIN OR ANY OTHER SUBJECT MATTER HEREOF.

The contents and appearance of this report are Copyrighted FactSet CallStreet, LLC 2025 CallStreet and FactSet CallStreet, LLC are trademarks and service marks of FactSet CallStreet, LLC. All other trademarks mentioned are trademarks of their respective companies. All rights reserved.