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nVent Electric Plc (NVT)

Q4 2025 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good day and welcome to the nVent Electric Fourth Quarter 2025 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 that 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 fourth 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. Today, we'll provide details on our fourth quarter and full-year performance and 2026 outlook. All results referenced throughout this presentation on our continuing operations basis, unless otherwise noted.

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 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 fourth quarter and full-year results. 2025 was a record year for sales, EPs and free cash flow, each growing at or above 30%. Through 2025, organic sales accelerated, resulting in consecutive record sales quarters. It was an important year, as we transformed our portfolio with the divestiture of the Thermal Management business and the acquisition of EPG. These strategic moves increased our exposure to the high-growth infrastructure vertical. Infrastructure now makes up 45% of our annual sales, with data center sales representing approximately \$1 billion in 2025.

Fourth quarter was our second consecutive quarter with sales of more than \$1 billion. Both sales and EPS exceeded our guidance. We also had strong orders and backlog growth. Organic orders were up approximately 30%, primarily driven by large orders for the AI data center buildout. Excluding data centers, organic orders grew low double digits.

With the strong orders, we ended the year with \$2.3 billion in backlog, triple what it was a year ago. Our free cash flow was very strong in the quarter and our balance sheet is healthy. In 2026, we expect another year of record performance. Our full-year guidance includes reported sales growth of 15% to 18% and adjusted EPS growth of 20% to 24%.

Now, onto slide 4, for a more detailed summary of our Q4 and full-year performance. Fourth quarter sales were up 42% and 24% organically, led by the infrastructure vertical. Adjusted operating income grew 33% year-over-year, with return on sales of 19.7%. Adjusted EPS grew 53%, and we generated \$189 million in free cash flow, up 26%. Looking at our key verticals, infrastructure led the way, with organic sales up over 50%, driven by outstanding growth in data centers. Industrial grew high single digits and Commercial/Resi sales were up low single digits.

Turning to organic sales by geography, both Americas and Europe are strong. Americas grew approximately 30%, while Europe was up high single digits. Asia-Pacific was down. For the full-year, we had sales of \$3.9 billion, an increase of 30% and 13% organically. Adjusted operating income grew 21% with margins of 20.2%. Adjusted EPs was up 35%. For the full-year, we had record free cash flow of \$561 million, growing 31%.

Let me share a few strategic and operational highlights. First, we launched 86 new products in 2025, contributing approximately 10 points to our sales growth. And our new product vitality was 27%. Our innovation is delivering growth and solutions for our customers. Second, as I mentioned, the infrastructure vertical now makes up 45% of our sales, led by data centers, which grew over 50% for the year.

Third, our organic growth and recent acquisitions 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'm very proud and appreciative of all the hard work by our nVent team to support our

customers and deliver the outstanding performance in 2025. Looking ahead, we expect 2026 to be another record year of strong growth and value creation.

Moving to slide 5. Our portfolio transformation to become a more focused, higher-growth electrical connection and protection company is showing up in our results. We have increased our exposure to the high-growth infrastructure vertical from 12% of sales at spin to 45% last year, and infrastructure is expected to be well over half of our sales in 2026. In addition, we have been aggressively investing in our data center business, which is rapidly growing and accelerating with the AI buildout. In January, we opened a new facility in Blaine, Minnesota to expand our liquid cooling capacity. Production is online and we are ramping quickly.

Turning to slide 6, and our outlook for the verticals in 2026. We believe the infrastructure vertical has the highest growth opportunity with the trends of electrification, sustainability and digitalization. Infrastructure is expected to grow at approximately 20% this year, driven by AI data center CapEx acceleration. In addition, power utilities, renewables and energy storage are expected to grow with the increasing demand for power. For Industrial, we expect mid-single digit growth with increasing CapEx investment, automation and reshoring. The Commercial/Resi vertical is expected to grow low single digits.

This wraps up my remarks. I will now turn the call over to Gary for further details on our results, as well as our 2026 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, strong adjusted EPS and very strong free cash flow.

Let's turn to slide 7 to review our results. Sales of \$1.067 billion were up 42% relative to last year. Organically, sales grew 24%, well ahead of our guidance, driven by stronger-than-forecasted data center sales. Acquisitions added \$126 million to sales, or 17 points to growth, ahead of our guidance. Foreign exchange was roughly a 1-point tailwind.

Adjusted operating income was \$210 million, up 33%. Return on sales came in at 19.7%, a bit lower than expected due to higher investments, incentive compensation and mix. Inflation was nearly \$55 million, including more than \$40 million in tariff impact. Price cost productivity offset inflation and we also continue to make investments for growth, particularly for data centers and our recent acquisitions. Q4 adjusted EPS was \$0.90, up 53% and above the high end of our guidance range. We generated robust free cash flow of \$189 million, up 26% year-over-year.

Now, please turn to slide 8 for a discussion on the fourth quarter segment performance. Starting with Systems Protection, sales of \$737 million increased 58%. Acquisitions contributed 23 points to sales and have performed ahead of expectations. Organically, sales grew 34%, with all verticals growing. Infrastructure grew approximately 70%, largely due to continued strength in data centers. Industrial was up high single digits. Commercial/Resi grew low single digits.

Geographically, Americas and Europe were both strong. Americas grew over 45%, while Europe was up high single digits. Asia-Pacific was down in the quarter. Fourth quarter segment income was \$149 million, up 49%. Return on sales of 20.3% decreased 120 basis points year-over-year, impacted by inflation, growth investments, and recent acquisitions.

Moving to Electrical Connections, sales of \$330 million increased 15%. Organic sales were up 8%, and the EPG acquisition contributed 6 points to sales. From a vertical perspective, infrastructure led growing approximately 25%. Industrial grew mid-single digits and Commercial/Resi was up low single digits.

Geographically, all three regions grew. Sales were up high single digits in the Americas, Europe was up low single digits, and Asia-Pacific grew double digits. Segment income was \$91 million, up 8% versus last year. Return on sales of 27.6%, decreased 180 basis points year-over-year impacted primarily by inflation. That wraps up the quarter.

Now turn to slide 9 for a recap of our full-year 2025 results. 2025 was an outstanding year, with 30% or more growth in reported sales, adjusted EPS and free cash flow. We ended the year with sales of \$3.9 billion, up 30% or 13% organically. Acquisitions contributed 16 points to growth for the year. Adjusted operating income grew 21% to \$786 million.

Overall, return on sales came in at 20.2%. Inflation was more than \$160 million, including approximately \$90 million in tariff impact. Price plus productivity offset inflation, and we also continue to make investments for growth. Free cash flow was \$561 million, up 30% with 102% conversion of adjusted net income. This included higher CapEx investments for growth and capacity. In summary, 2025 was a year of record performance and strong execution with nVent now a higher-growth company.

Turning to the balance sheet and cash flow on slide 10. We ended the year with \$237 million of cash on hand and \$600 million available on our revolver, putting us in a strong liquidity position. Our debt stands at \$1.6 billion, down approximately \$600 million from a year ago. Our healthy balance sheet and strong liquidity position gives us financial flexibility to support our disciplined capital allocation strategy.

Turning to slide 11, where we outline our capital allocation priorities. Our capital allocation strategy is all about investing in and capitalizing on opportunities that generate the highest returns for our shareholders. Our first priority is growth. We are investing in new products, capacity and supply chain resiliency.

In 2025, we invested \$93 million in CapEx, up 26%. These increased investments are for recent acquisitions and new capacity to support growth in data centers and power utilities. We returned \$383 million to shareholders in 2025, including share repurchases of \$253 million, and we increased our quarterly dividend, 5%. We exited the year with a net debt-to-adjusted EBITDA ratio of 1.6 times, below our targeted range of 2 to 2.5 times. 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 12 and our 2026 outlook. We are forecasting another year of strong sales and earnings growth. Reported sales are expected to grow 15% to 18%, with organic growth in the range of 10% to 13%. This assumes strong volume growth and positive price. Acquisitions are expected to contribute approximately 4 points to growth and foreign exchange to be a 1-point tailwind.

Our outlook for full-year adjusted EPS is \$4 to \$4.15, which represents growth of 20% to 24%, and we expect free cash flow conversion to be between 90% and 95% of adjusted net income. We expect net interest of approximately \$70 million, our adjusted tax rate of approximately 22%, and shares outstanding of approximately \$164 million.

Price and productivity are expected to offset inflation including tariffs. We forecast incremental tariffs of approximately \$80 million, largely in the first half of the year. Corporate costs are expected to be approximately

\$130 million, CapEx of approximately \$130 million, and depreciation and amortization of approximately \$230 million.

Moving to slide 13 and our first quarter outlook. We forecast reported sales growth of 34% to 36%, with acquisitions contributing approximately 15 points to sales and foreign exchange, approximately a 2-point tailwind. Organic sales growth is expected to be up 17% to 19%. Price coupled with productivity are expected to offset inflation, including the tariff impacts in Q1. We expect adjusted EPS to be between \$0.90 and \$0.93, which at the midpoint, reflects more than a 35% increase relative to last year.

Wrapping up, our team delivered a strong year with record sales, adjusted EPS and free cash flow. We are well-positioned for another record year in 2026.

With that, 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 14. Key to our success and performance has been our people and our culture, and making nVent a great place to work. We are focused on improving our employee experience and having a positive impact on our communities. On this slide, you can see numerous awards and recognitions that we have received as we focus on our people and building a more sustainable and electrified world.

For the second consecutive year, we were recognized as one of the World's Most Ethical Companies by Ethisphere. We also earned a Gold Sustainability rating from EcoVadis, placing us in the top 5% of companies assessed, and we were certified as a great place to work for the fourth consecutive year. These are just a few of the many awards and recognitions we have received. I'm extremely proud of our nVent team and everything we have accomplished together. And there's always more we can do. We want people to grow their careers at nVent as we grow as a company.

Turning to slide 15. On February 24, we will be hosting our Investor Day, and I look forward to sharing more details about our growth strategy, new medium-term financial targets and how nVent is inventing the electrified future.

Wrapping up on slide 16. 2025 was a year of outstanding performance for nVent, delivering differentiated value for our customers and shareholders. Our portfolio transformation and data center organic investments are accelerating our growth, and we expect 2026 to be another record year of financial performance. 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 comes from Deane Dray with RBC Capital Markets. Please go ahead.

Deane Dray

Analyst, RBC Capital Markets LLC

Thank you. Good morning, everyone.

Q

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

Good morning, Deane.

A

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

Good morning, Deane.

A

Deane Dray

Analyst, RBC Capital Markets LLC

Hey, maybe we can start with getting a bit more color, and maybe you can size the impact of inflation and these growth investments in your 2026 guide. And then also, if you can just give us some context as new capacity comes online, what does that do into your typical margin progression? Thank you.

Q

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

Thanks, Dean. This is Gary. I'll give a bit of color on inflation. And we expect higher inflation in 2026 due to labor, metals and as I mentioned in my script, approximately \$80 million in carryover or tariff impacts. We plan to address that through strong productivity as well as pricing and those two actions will offset the inflation in the year.

A

And as you mentioned, we'll continue to invest to support growth. And we have been doing that in the second half of 2025 as well as into 2026 and you're seeing that support the tremendous top-line growth that we've delivered in the quarter and we'll continue to deliver in 2026.

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

And with respect to your point on, as we're investing in the margin impact, I would just say that we're ramping so quickly and having to train a lot of new people, there are some inefficiencies. And as we start to scale, we'll get better in terms of improving those inefficiencies and that productivity.

A

Deane Dray

Analyst, RBC Capital Markets LLC

That's real helpful. Thank you. And then just as a follow-up, really impressive new product introductions, new product vitality index. And maybe if we could, you made a lot of impact at Supercompute (sic) [Supercomputing]

Q

(00:22:51) this year, launching a new line of standardized modular liquid cooling platforms. Just how – what's been the customer receptivity to the launch and where does that stand today? Thanks.

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Yeah. Thank you, Deane. Yes, we did showcase a lot of those new products at Supercompute (sic) [Supercomputing] (00:23:08) and some of those products start to launch here through Q1 and Q2. Customer reception to that has been very strong because, as you know, we've driven some very high performance and very capable products that are very scalable and modular. And so as we see, this year, a lot of those products launch and what we think that'll be part of our growth story as that ramps through 2026.

Deane Dray

Analyst, RBC Capital Markets LLC

Q

Thank you.

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Thank you.

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

Julian Mitchell

Analyst, Barclays Capital, Inc.

Q

Hi. Good morning.

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Good morning.

Julian Mitchell

Analyst, Barclays Capital, Inc.

Q

Maybe just – good morning. I just wanted to start perhaps with, any color you could give us on that backlog kind of recognition profile? I think it was \$2.3 billion at the end of December. So, it's about 50% of your revenue guide for the next 12 months. Maybe help us understand, I suppose how the – maybe the book-to-bill trended recently so we can get some sense of that orders to sales cadence. And how much of that backlog do you think will be recognized in the next 12 months? I think we get your RPO in the 10-K.

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Hi, Julian. Maybe I'll start and I'll let Gary fill in. So, as we transformed our portfolio and we talked about how we have more of a mix between short cycle and long cycle, you're seeing that we're more of a – we have more backlog than we would have had traditionally. And so some of that is in data centers, some of that is in power utilities. And so you're just seeing the strength there.

And I would say that most of that backlog is through 2026, although there's some beyond that. But a lot of that is what gives us confidence in our guide for the year given the strength of it.

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

A

Yeah. I just would add, we mentioned in the script the backlog is now 3 times what it was last year, primarily data center and our new Trachte and EPG business supporting the infrastructure vertical. But there also is healthy orders and backlog in our Electrical Connections business, in our core Systems Protection business, Julian. So, a healthy backlog orders were up nicely in the quarter and we feel good about the momentum that we're carrying into 2026.

Julian Mitchell

Analyst, Barclays Capital, Inc.

Q

Thanks very much. My second question would be on the operating margins. So, I think the guidance embeds about a 70-basis-point decline year-on-year in the first quarter and then operating margins are up maybe 20 bps or so for 2026 in aggregate. Just wanted to check those numbers are roughly okay.

And I suppose more specifically, it seems like the organic operating margins may be are not getting the lift yet that you had expected. So, just wondered what you thought the main culprit there was, is it – if it's price cost, that's okay on the cost side, but has anything got worse on the price side because of all the capacity everyone's adding?

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

A

Thanks, Julian. I'll take that one. And I'll talk about 2026 margin. And we expect margin expansion in 2026, including better incrementals in 2026 than we had in 2025. As you mentioned, the inflation will persist including the tariffs, but we expect price and productivity to offset it. We expect more price. And we've announced pricing that's in the market. The inflation driven by the tariffs will be more first-half oriented and margins are expected to improve both year-on-year and sequentially.

One thing to mention about Q1 is we expect margins to be flattish sequentially in the quarter, but up factoring in for the accelerated share-based compensation that we'll recognize in Q1, which is really phasing across the year.

Julian Mitchell

Analyst, Barclays Capital, Inc.

Q

Great. Thank you.

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

William Vranka

Analyst, Wolfe Research LLC

Q

Hey, good morning. This is Will Vranka on for Nigel.

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

A

Hey, Will.

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

Good morning.

A

William Vranka

Analyst, Wolfe Research LLC

Good morning. If I kind of go back to the margin point for 2026 first, I think the implied incremental margins in the guide are around 25% next year or this year, which is obviously a step up from 2025. But just in terms of the first half versus second half, you have increasingly easy comps through the year. So, just how should we think about the first half or second half weighting on incrementals?

Q

And then maybe if I could just extend that out beyond 26, I think longer term, you've talked about, I think incrementals in the 30% to 35% zone. Obviously, the portfolio very different now from two years ago. So, any color on how we should think about incremental margins in the business beyond 2026 as well? Thank you.

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

Yeah, thanks for the question. And as you mentioned, incrementals will be better in 2026 than they were in 2025. And we expect that to progress nicely throughout the year. The first half has the impact of the carryover tariffs, the EPG acquisition and some of these investments for growth that Beth mentioned as we get some new capacity online. Second half will be better as those headwinds abate. We're very confident in the direction that our margins are headed. And I'm not going to comment on anything beyond 2026. We will have the opportunity to speak to that as we're together in about a month at our Investor Day.

A

William Vranka

Analyst, Wolfe Research LLC

Great. Thanks, Gary. And then maybe for my follow-up, I could focus on orders, obviously 30% growth in the quarter. Any color on maybe how orders trended to over Q-over-Q in 4Q and then obviously through January, maybe any color on year-to-date order trends, specifically any orders that may have pushed the fourth quarter into the first quarter? If any color there, it'd also be very helpful. Thank you.

Q

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

Yeah. As we commented in our last earnings call, our orders ex-data centers were up high single digits. And as I just remarked, orders for Q4 were up low double digits. So, in the non-data center business, we've seen orders improve. And I would say orders continue to look good through January.

A

William Vranka

Analyst, Wolfe Research LLC

Thanks, guys.

Q

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

Thank you.

A

Operator: The next question comes from Joe Ritchie with Goldman Sachs. Please go ahead.

Aanvi Patodia

Analyst, Goldman Sachs & Co. LLC

Hi. This is Aanvi on for Joe. Good morning.

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

Good morning.

A

Joe Ritchie

Yeah, thanks. I had a broader level question around your 2026 guide. So, in 2025, your order growth has averaged close to 30% through the year and you exited 4Q with a 24% organic clip as well. So, can you just help us understand the puts and takes on the growth guide of 10% to 13% for 2026, and then the implied step down after 1Q?

Q

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

Yeah. I appreciate you recognizing the strong growth that we had in Q2 or Q4 and we expect, really a strong Q1 on revenue and EPS, both growth over 30%, mid-30s at the midpoint. And, annually, I would just say, look, it's early in the year. We've entered a period of unprecedented growth for nVent. And we'll continue to update our outlook as we deliver the results quarter after quarter.

A

Keep in mind, we are overlapping 20% organic and 50% EPS growth in the second half of 2025. And we want to ensure that our guidance gives us the flexibility to invest to support growth in the long run. So, we feel good about the momentum, and we'll continue to update you as we move throughout the year.

Aanvi Patodia

Analyst, Goldman Sachs & Co. LLC

Got it. That makes sense. And just as a follow-up, maybe a broader question around liquid cooling. And, a lot of the growth today is driven by data centers, whether it's the orders or the top line. But liquid cooling still remains under penetrated and ultimately like data centers are going to need it forward. So, can you give like a higher level on how you're thinking about the TAM over the next three years to five years and nVent's right to win on this opportunity?

Q

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

Sure. Well, one of the things that we just said is our data centers is now over \$1 billion. And it's been growing significantly with liquid cooling. At Supercompute (sic) [Supercomputing] (00:32:41), we've showcased a lot of new products that we're launching. So, we see that liquid cooling is currently less than 30% of data centers have liquid cooling, and that is going to grow significantly because of the heat loads and power densities, etcetera.

A

So, as we go forward, we have a lot of new products that are modular, that are scalable, that we've been investing in our capacity. So, we just see a lot of opportunity with data centers and with the AI build out and the need for liquid cooling.

Aanvi Patodia

Analyst, Goldman Sachs & Co. LLC

Q

Okay. That's awesome. I'll get back in the queue.

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Thank you.

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

David Tarantino

Analyst, KeyBanc Capital Markets, Inc.

Q

Hey, good morning, everyone. This is David Tarantino on for Jeff. Maybe going back to orders, maybe just on the profile of the orders and data center versus the growth we saw on 3Q. Are you seeing any change in the order patterns in terms of size, scale and/or lumpiness of the orders quarter-to-quarter, as these kind of larger data center projects are contributing to it?

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Look, I would say, data center orders can be very lumpy. And so, we had tremendous orders in Q3 and good orders in Q4. But I think we're going to continue to see large orders. And those are not going to be necessarily smooth as they go through the year.

David Tarantino

Analyst, KeyBanc Capital Markets, Inc.

Q

Okay, great. That's helpful. And then there's been a lot of talk about the effects of operating data centers at higher temperatures as of late. Could you walk us through your view on what the implications this has around your portfolio? And maybe could you speak to your visibility around technology evolutions as you work with your customers on them?

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Sure. So one of our new CDU products that is launching this year, and we showcased at Supercompute (sic) [Supercomputing] (00:34:39). What we shared is that we've been working with NVIDIA, and we understand those technology road maps and those heat loads out of 2030 and we have designed those products with a lot of flexibility built into them. So, in some cases, what we can do with this new CDU we're launching would have taken two CDUs in the past. So, those higher heat loads we're well aware of, we're working with all the chip manufacturers and we're designing that into our product portfolio.

David Tarantino

Analyst, KeyBanc Capital Markets, Inc.

Q

Great. 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, everyone. Thanks for taking my call this morning.

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

A

Good morning, Vlad.

Vladimir Bystricky

Analyst, Citigroup Global Markets, Inc.

Q

So, I just wanted to ask you. Obviously, a lot of focus on data centers and infrastructure vertical, but I wanted to touch it for a second here on the third of your portfolio, that's industrial. So, can you just talk about how you're seeing underlying trends evolve in that market and your level of visibility and confidence to the mid-single digit growth in industrial in 2026? And whether you're seeing orders currently sort of consistent with that demand?

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Well, as we discussed at ex-data center, our orders in Q3 were high single digits then they're in Q4, low double digits. And we're seeing that we're seeing industrial orders at a nice rate given investments in CapEx, investments and automation and reshoring. So, some broad, some breadth to the orders coming across some different industries. And it's really those order trends and what we're hearing from our channel partners and customers that gives us the perspective that we're going to see industrial grow mid-single digits for this year.

Vladimir Bystricky

Analyst, Citigroup Global Markets, Inc.

Q

Got it. That's really helpful, Beth. Appreciate that. And then, just shifting back to data centers, can you just talk about, as we're seeing the data center technology and architecture continue to evolve and as we're seeing new entrants try and come into the space. Can you just talk about how you see your position in thermal management evolving going forward and maybe, more specifically, what you're seeing in terms of competition in liquid cooling?

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Sure. So, as you know, we've been doing liquid cooling for well over a decade and have been working with some large hyperscalers for a long time. And we're several generations in here. So, when we think about our capability, we have a lot of application expertise. We've developed a lot of manufacturing and supply chain capability to be able to scale.

And our case in point is from when we announced that we were going to expand to a new facility and sign the lease to where we started actually producing, that was just over 100 days when I mentioned that we're up and running in January. And I think that speaks a lot to our capability from a manufacturing supply chain perspective. So, as we go forward, look, I think there's a lot of new entrants that want to get in because they see the growth opportunity here.

And what I would just share is we continue to invest, we continue to launch a broader scale of products because we see that there's going to be demand for liquid cooling, from hyperscalers, to colos, to enterprise to even non-data center applications in the future. And so our investment here, our investment in our labs, we've got good partnerships that I think we're going to continue to differentiate with our performance and our ability to scale.

Vladimir Bystricky

Analyst, Citigroup Global Markets, Inc.

Q

Thanks, Beth. Appreciate that. I'll hop back in the queue.

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Thank you.

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

Brian Drab

Analyst, William Blair & Co. LLC

Q

Hi. Good morning. Thanks for taking a couple questions. On the billion-dollar figure in data center, I just want to be clear. Is that a run rate that we're exiting the year at? And sorry if you said this, but I might have missed it. But is that a run rate or is that the total for 2025 and – that's my first question.

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Well, the first is that was our 2025 revenue in data centers reached over – reached \$1 billion.

Brian Drab

Analyst, William Blair & Co. LLC

Q

Okay. And then can you talk about what the comparable number was for 2024. And I know there's acquisitions in there. And then any color that you...

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

In 2024, it was \$600 million.

Brian Drab

Analyst, William Blair & Co. LLC

Q

Okay. And then, can you talk it all about in 2025, what's the different categories within data center? Like what type of growth you saw, at least maybe like rank order, cooling versus powering versus the enclosures and other business? Like, where are you seeing the fastest growth? I assume it's in liquid cooling, but I just want to – if you could add some color to that.

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Yeah. I mean, we're really seeing the fastest growth in liquid cooling and power. But behind that, I would say, our cable management is also growing very nicely as well.

Brian Drab

Analyst, William Blair & Co. LLC

Q

Okay. All right. Thanks. I'll save my other questions for later. 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

A

Thank you.

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

Nicole DeBlase

Analyst, Deutsche Bank Securities, Inc.

Q

Yeah. Thanks. Good morning.

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

A

Good morning, Nicole.

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Good morning.

Nicole DeBlase

Analyst, Deutsche Bank Securities, Inc.

Q

I don't think we've spent much time on power and utility yet in the Q&A. So, I just wanted to kind of dig in there, Beth. Trends that you guys saw during the quarter with respect to orders. And then, last quarter, you commented that Trachte and EPG were trending ahead of your deal plan. Is that still the case?

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Yes, it is. We're very pleased with those acquisitions. And, the growth that we're seeing in the performance. Look, power utilities, this is an area where we're seeing just solid growth and opportunity. And I think there's some very synergistic place for us as we're able to pull through more of our portfolio, especially into some of these integrated engineering building solutions. And we just see some nice long-term growth in this area, very synergistic to what's in the rest of the nVent portfolio.

Nicole DeBlase

Analyst, Deutsche Bank Securities, Inc.

Q

Thanks, Beth. And just orders, were they up double digits in power and utility? I would assume so, but wanted to clarify that.

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

I don't think we've been that specific. I don't think they've been as strong as data centers, but they're part of that overall everything ex-data centers is up low double digits.

Nicole DeBlase

Analyst, Deutsche Bank Securities, Inc.

Q

Okay. Understood. And then maybe on the M&A pipeline, if you could talk a little bit about the level of activity that you're seeing today. And the level of excitement about potential M&A into 2026.

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Yes, I mean, our – first of all, our balance sheet and our net debt-to-EBITDA ratio are in really good shape. And when we think about our pipeline, it's very strong. It's very robust. We remain very disciplined. And I think, there's always opportunity for us to find some new acquisitions like we did with Trachte and Avail that are really helping us build out infrastructure in particular. So, you never quite control the timing of deals. But we've got a good pipeline that we're currently working through.

Nicole DeBlase

Analyst, Deutsche Bank Securities, Inc.

Q

Thank you. See you in a few weeks.

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.

Scott Graham

Analyst, Seaport Research Partners

Q

Hey, good morning. I have a question about...

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

A

Hey, Scott.

Scott Graham

Analyst, Seaport Research Partners

Q

...hey. Hey, Gary. Hi, Beth. I have question about productivity. Let's call it, let's say away from the acquisition integration. So, sort of in the first half of the year, we're going to have some dilution margin wise with the ramp in the LC capacity suggesting that the offset is on productivity elsewhere has to be maybe a little bit higher. What are you doing in productivity elsewhere to kind of make some of that up?

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

A

Yeah. Appreciate the question, Scott. And as I mentioned in my remarks, we plan to have our productivity as well as our pricing offset to the mid-single digit inflation that we're expecting in the year. And what we've talked about is, we're advancing our lean capabilities, while we invest in our capability, we're working on driving capability and transportation automation and our funnels and our sourcing productivity side are quite good. So, we're very focused on driving additional productivity, especially as we've increased our investment. And we're confident that price plus productivity will offset the inflation in 2026.

Scott Graham

Analyst, Seaport Research Partners

Q

Okay. Got it. Hey, I too wanted to ask a couple questions about power. So, I know you're mostly grid T&D, but now, I think for the first time in a while you've started to mention renewables as being 5%. I was just kind of wondering what the dynamics of renewables growth look like, as well as generation. Do you have opportunities in generation?

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

It's more for us through T&D and in particular substations. And as you think about substations, whether that's for utilities or it's supporting data centers, that's where we see the most opportunity currently.

Scott Graham

Analyst, Seaport Research Partners

Q

Okay. Close enough. And then last one was on the penetration of liquid cooling. Is that a number you guys are able to update?

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Well, we will give an update at our Investor Day on February 24. But we've said that liquid cooling, less than 30% of data centers have liquid cooling today. And we see it growing significantly.

Scott Graham

Analyst, Seaport Research Partners

Q

Thank you.

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

Neal Burk

Analyst, UBS Securities LLC

Q

Thanks for the question. Question on data center. I mean, we see CapEx continuing to accelerate. But the guide for organic growth for this year has like a pretty meaningful deceleration in the back half. Is this just comps getting harder or is there some sort of kind of timing difference between what we see on the hyperscaler CapEx side and nVent's orders of sales?

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

A

Yeah, Neal, I appreciate the question. And we're pleased with the backlog and our momentum that we have on data center. I'll just go back to the comment I made earlier, which is, look, it's early in the year. We're managing unprecedented growth here for nVent. And we'll continue to update you on the outlook as we deliver results here in the first half of the year. But we're confident in the momentum. And we'll talk about the multiyear opportunity in data center here in a month or so at our Investor Day.

Neal Burk

Analyst, UBS Securities LLC

Q

Thanks. And just like on the multiyear opportunity, so I'd look forward to hearing more on that. But do you – just sort of like high level feel like you have a better level of visibility now as you scale this business, obviously backlog is a lot higher. But like in terms of the data center project pipeline, do you feel like you are getting closer to customers as you grow this business and you have more visibility on future demand? Thank you.

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Well, I would say in general with this portfolio transformation, it's given us a more of a balance between short cycle and long cycle. And whether it's data centers or even power utilities, just because of the nature of those types of builds and projects, we certainly have more visibility into multiyear projects or even just understanding technology road maps and where they're going. Both of those are very important and are helping us to think about our capacity as well as our new product technology road map.

Neal Burk

Analyst, UBS Securities LLC

Q

Thank you.

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Thank you.

Operator: This concludes our question-and-answer session. I would like to turn the conference back over to Beth Wozniak, our 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 2025. 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.

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