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nVent Electric Plc (NVT)

Q1 2026 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good day, and Welcome to the nVent Electric's First 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 First Quarter 2026 earnings Call. On the call with me are Beth Wozniak, Chair and Chief Executive Officer, and Gary Corona, our Chief Financial Officer. Today, we'll provide details on our first quarter performance and outlook for the second quarter, and an update to our full year outlook. All results referenced throughout this presentation are on a continuing operations basis, unless and otherwise stated.

Before we begin, let 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 events 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 Investor section of nVent's website. References to non-GAAP financials are reconciled in the appendix of the presentation. We will have time for questions after our prepared remarks.

With that, please turn to slide 3, and I will 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 first quarter results and cover some key business highlights. We had a tremendous start to the year with record sales, orders and backlog exceeding our expectations. This was our third consecutive quarter with sales of more than \$1 billion. Both sales and EPS significantly exceeded our guidance, driven by strong sales growth in the infrastructure vertical led by data centers.

Our data center business grew across the portfolio in both the gray and white spaces. In the gray space, we had strong growth in engineered buildings, enclosures, and power connections. In white space, we had outstanding growth in liquid cooling, along with strong growth in power distribution units and cable management. We are winning with a wide range of customers, from hyperscalers to neoclouds and multi-tenant, and also through our distribution partners.

Our investments in new products and capacity have been key to our ability to scale and respond to customer demand. The tremendous growth in data centers was accomplished by our team working tirelessly to increase and expand capacity in our facilities and across our supply base. Earlier this week, we celebrated the opening of our new Blaine, Minnesota facility that started production in Q1. We expect production to ramp throughout the

year. In Q1, for total nVent, we had record orders and backlog. Organic orders were up approximately 40%, primarily driven by orders for the AI data center buildout. Excluding data centers, organic orders grew mid-teens. In addition, we continue to see our backlog grow, up low-double digits sequentially to \$2.6 billion, giving us visibility through the year.

Our free cash flow and balance sheet are strong, and our disciplined capital allocation is focused on growth and returning cash to shareholders for continued value creation. We are raising our full year sales and EPS guidance to reflect our outstanding first quarter performance and significant momentum in data centers.

Now, on to slide 4 for a summary of our first quarter performance. Sales were up 53% and 34% organically, led by the infrastructure verticals. New products contributed over 20 points to our sales growth, and we launched 11 new products in the quarter. The EPG acquisition exceeded expectations, growing sales strong double digits year-over-year. Adjusted operating income grew 53% year-over-year, with a return on sales up 20%. Adjusted EPS grew 63% and free cash flow grew 21% year-over-year.

Looking at our key verticals, sales grew across all verticals. Infrastructure led the way, with organic sales up nearly 80%, driven by outstanding growth in data centers and double-digit growth in power utilities. Both industrial and Commercial/Resi grew mid-single digits.

Turning to organic sales by geography, the Americas led, growing over 40%. Europe was up low-single digits while Asia Pacific was down. Looking ahead, we believe the infrastructure vertical has the highest growth opportunity with the trends of electrification, sustainability and digitalization. Infrastructure is expected to grow strong double digits this year, driven by AI data center CapEx acceleration. Our greatest growth opportunity within the infrastructure vertical is data centers. Power utilities is next, with strong secular tailwinds as the demand for electrical grid capacity is increasing with electrification and the need for power for AI data centers. Our expectations for industrial and Commercial/Resi remain the same. 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.

Move to slide 5. Our portfolio transformation to become a more focused, higher growth Electrical Connections 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, expanding to 45% last year, and now is over 55% in Q1. We have been significantly investing in our data center and power utilities businesses, which are rapidly growing, and more capacity is needed to meet customer demand. Overall, I am proud of our nVent team and how we continue to perform and deliver for our customers. We're on track for another strong year.

This wraps up my opening remarks. I will now turn the call over to Gary for further details on our first 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, orders, backlog and adjusted EPS.

Let's turn to slide 6 to review our results. Sales of \$1,242 million were up 53% relative to last year. Organically, sales grew 34%, well ahead of our guidance, driven by very strong data center sales. Acquisitions added \$138 million to sales, or 17 points to growth, ahead of our guidance. Foreign exchange was a 2 point tailwind. Adjusted

operating income was \$249 million, up 53%. Return on sales came in ahead of expectations [ph] at 20% (00:08:53), flat to last year. Price plus productivity offset inflation of nearly \$60 million, including approximately \$40 million in tariff impact.

We also continue to make investments for growth in data centers and power utilities. We had record earnings, and it was the first time we reported quarterly adjusted EPS north of a \$1. Adjusted EPS grew 63% year-over-year to \$1.09, well above the high end of our guidance range. We generated free cash flow of \$54 million, up 21% year-over-year.

Now, please turn to slide 7 for a discussion on the first quarter segment performance. Starting with Systems Protection, sales of \$895 million increased 76%. Acquisitions contributed 24 points of sales and have performed ahead of expectations. Organically, sales grew 50%, with all verticals growing. Infrastructure grew more than 100%, largely due to continued strength in data centers. Industrial was up mid-single digits. Commercial/Resi grew in the high teens. Geographically, Americas grew by over 65%, while Europe was up low-single digits. Asia-Pacific was down in the quarter. First quarter segment income was \$203 million, up 95%. Return on sales of 22.7% increased 220 basis points year-over-year on strong volume and productivity.

Moving to Electrical Connections, sales of \$347 million increased 15%. Organic sales were up 8%, and the EPG acquisition contributed 6 points to sales. From a vertical perspective, infrastructure led growing in the high teens. 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 mid-single digits. Segment income was \$85 million, flat versus last year. Return on sales of 24.4% was down 390 basis points year-over-year. The margin performance was impacted by higher than expected raw material inflation. We have taken pricing and productivity actions and saw margins improve as the first quarter progressed. We expect margins to improve in Q2 and for the balance of the year.

Turning to balance sheet and cash flow on slide 8. We ended the quarter with \$109 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. Our healthy balance sheet and strong liquidity position gives us financial flexibility to support our disciplined capital allocation strategy.

Turning to slide 9 on capital allocation, where we outline how we deploy capital to drive growth and sustain financial outperformance. Our framework has been consistent and is centered on disciplined growth investment, 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, and that 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 \$130 million in CapEx, up 40%. We spent \$36 million in Q1, up over 70% versus last year. Most of this increased investment is for new capacity to support growth in data centers, power utilities, and supply chain resiliency.

In Q1, we returned \$84 million to shareholders, including share repurchases of \$50 million, and we recently increased our quarterly dividend by 5%. We exited the quarter with net leverage of 1.5 times, well below our target range of 2 to 2.5 times, providing ample flexibility to invest in growth and acquisitions. Overall, our disciplined capital allocation approach positions us to prioritize growth and create long-term shareholder value.

As Beth shared earlier, we are significantly raising our full year reported sales and adjusted EPS guidance, primarily due to our continued momentum in infrastructure. We now forecast reported sales growth of 26% to 28%. This includes expected higher organic growth, approximately 5 points from acquisitions and flattish on

foreign exchange. For organic sales growth, we now expect to grow 21% to 23% versus our prior guidance of 10% to 13% due to our strong first quarter performance and momentum in infrastructure.

We are raising our full year adjusted EPS range to \$4.45 to \$4.55 versus our original guidance of \$4 to \$4.15. This new guidance continues to reflect tariff impacts of approximately \$80 million. We continue to expect to offset the impact of inflation, including tariffs through pricing, supply chain productivity, and operational mitigating actions. For free cash flow, we still expect conversion of 90% to 95%.

Looking at our second quarter outlook on slide 11, we forecast reported sales of 28% to 30%, with acquisitions contributing approximately 5 points to sales. Organic sales growth is expected to be up 23% to 25%. Pricing coupled with productivity are expected to fully offset the impact of inflation, including tariffs in Q2. We also expect to continue to invest for growth, particularly in data centers and power utilities. We expect adjusted EPS to be between \$1.12 and \$1.15, which at the midpoint reflects over 30% growth relative to last year.

Wrapping up, I am very pleased with our first quarter performance. We delivered strong sales and earnings growth and are well-positioned for another outstanding year. Through disciplined portfolio transformation and strong execution, our growth profile has meaningfully accelerated. We significantly raised our mid-term financial targets at our Investor Day in March, and we are off to a great start. nVent is well-positioned for the secular trends in electrification, digitalization and sustainability. We are confident in the growth and value creation opportunities ahead.

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 12 titled our 2025 Sustainability Report. Last month, we published our latest Sustainability Report that outlines our commitment to sustainability and the meaningful progress we're making in our three pillars, people, products, and planet. A few highlights from the report.

We achieved an Employee Satisfaction Plus recommended score in our 2025 Employee Engagement survey that was 3 points above the global benchmark. 100% of our new products launched last year did not use single-use plastic packaging. We reduced our normalized CO2 emissions by 24%. We continued to receive accolades for our progress. We were recognized as one of the world's most ethical companies by Ethisphere for the third consecutive year, and received a gold sustainability rating from EcoVadis, placing us in the top 2% of our industry. Our sustainability efforts are key to our strategy in how we operate. I am proud of everything we've accomplished and the journey we are on.

Wrapping up on slide 13. We are off to a tremendous start to the year with record sales, orders, backlog, and adjusted EPS. Our portfolio transformation and the AI data center buildout are accelerating our growth. We expect another record year with strong sales and earnings growth, and 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 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.

A

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

Good Morning.

A

Deane Dray

Analyst, RBC Capital Markets LLC

Hey Beth, I think you get the understatement of the year award for your analyst meeting. Just saying that quarter was tracking above initial expectations, but that's a pleasant surprise. But we'd love to hear a bit more color in terms of what drove the outperformance. I mean, in your prepared remarks, you gave us some real highlights regarding what was the white space, what was the gray space. It really did sound broad-based, but if we just kind of zero in on what drove the outperformance this quarter? That'd be a good place to start. Thanks.

Q

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

Okay. Well, as we said, first of all, our growth was broad-based. We saw growth in all of our verticals, and when it came to infrastructure, certainly that was leading with the most growth. We saw nice growth in power utilities. But I would say a significant portion of our growth was coming from data centers. As you know, we've continued to expand capacity for liquid cooling, but we also saw nice growth across the entire portfolio. I would say, white space was leading, stronger growth there, but continued growth as we focus on the gray space as well. So, I think, we're very pleased just to see that where we've been investing in new products and capacity, that we've seen strong orders and have been able to execute to deliver on that growth.

A

Deane Dray

Analyst, RBC Capital Markets LLC

All right. Really good to hear. And I want to follow-up on the point on the new capacity adds. And you reaffirmed CapEx at \$130 million. That's up 40% year-over-year. You just had orders up 40% organically. Just kind of take us through the timeline for the new capacity that's coming online. And then, when do you expect this new capacity to start to contribute to operating leverage for the firm? I'd love to hear that. Thank you.

Q

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Okay. So, as I commented, we had our grand opening of our Blaine facility just this week. However, it took us 100 working days to sign a lease to get that facility up and running, and we've been building our capability, training new operators, and we expect that production to ramp as we go through the course of the year. So, a lot of the strength that you saw was our execution in our other plants. But this Blaine facility will be coming online and really ramping through the year.

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

Joe Ritchie

Analyst, Goldman Sachs & Co. LLC

Q

Hey guys. Good morning. And yeah, echo, what a start to the year. Maybe just on that last point, Beth, let's talk a little bit about like how you're thinking about capacity going forward. Clearly the data center market, the whole infrastructure market is quite hot, but how are you thinking about maybe even incremental investment from here? And then secondly, I don't know that I heard a specific number, but I think last quarter you told us that infra was going to be up around 20% this year. Obviously, it seems like that number has been revised upward. Any updated thoughts on what infrastructure is expected to grow in 2026?

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Okay. So you know, the way that we have been looking at our capacity. And by the way, it's not just our new Blaine facility, we've expanded our capabilities globally to be able to support some of the data center product growth that we're seeing, liquid cooling and other. So, we've been investing across multiple factories.

We also have been investing and expanding some of our engineered building solutions sites, because we've seen growth there from both data centers and utilities. So, we've expanded within existing sites as well. And what we continue to do was to look at that, look at as we're saying we're winning more customers, as we're launching new products. What do we view as that order acceleration or order growth, and what do we need to do to support that. So I think this is an area where we're going to continue to see that we make those investments for growth.

And as far as infrastructure, we gave that back in our Investor Day that our outlook on infrastructure was really strong. And I think that's really what's playing out. And I look at it as our ability to expand capacity and execute and manage our supply base, has really been a differentiator for us in terms of realizing that growth. And the teams are working really hard. It's a lot of work to be able to grow at these double digit rates.

Joe Ritchie

Analyst, Goldman Sachs & Co. LLC

Q

Yeah. I know, it's incredible to see. Maybe my second question, Gary, bringing you into the discussion, just on margins, just talking through EFS for a second. I think you made a comment that sequentially as the year progresses, things should get better, just help us understand, like unpack the margin progression a little bit for that segment going forward? Thank you.

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

A

Yeah thanks, Joe. Appreciate it. And I'll start with our margins for nVent across the company were higher than we guided. That was driven by the strength of Systems Protection and leverage. That more than offset the headwind that we saw in EC where we saw higher than expected inflation, primarily due to copper. We took pricing and productivity actions, as I mentioned, leading to improved margins month-over-month throughout the quarter. And

as I mentioned, we expect our margins to improve in Q2 and the balance of the year, more towards historical levels that segment has delivered. And like I said, we're seeing proof of that in market and expect that to improve in the balance of the year.

Joe Ritchie

Analyst, Goldman Sachs & Co. LLC

Okay. Thank you.

Q

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

Nigel Coe

Analyst, Wolfe Research LLC

Thanks. Good morning everyone. Yes. Not a bad start. I'll put it that way. Congratulations.

Q

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

Thanks, Nigel.

A

Nigel Coe

Analyst, Wolfe Research LLC

On that last point, Gary, do you expect to be at sort of flat margins by the end of the year? And sort of getting there pretty progressively, or how do you think about that?

Q

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

Yeah. We should see meaningful improvement in Q2, Nigel. And as I mentioned, we'll get towards more historical levels of margin in EC as we as we move throughout the year. Overall, as we mentioned in our initial guidance, you know, we have those headwinds coming into the first half of the year on margin. And we'll be essentially flattish for the first half versus year ago. We'll see nice sequential improvement overall in Q2. But we'll have nice margin growth and healthy incremental overall in the second half.

A

Nigel Coe

Analyst, Wolfe Research LLC

That's good to hear. Thanks. And then just thinking about the framework. Your 2Q guides, I think embeds pretty flat sales with 1Q and I think the sales are pretty flat actually all through the year. Normally, we have a nice pickup in Q2, Q3, and then coming down in Q4. So, just wondering, is the data solutions business sort of flattening out the seasonality? Because I would expect with the Blaine facility ramping up, there would be some lift there. Just curious on what you're seeing there.

Q

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

Yeah. Thanks, Nigel. We have organic sales growth in Q2, 23% to 25%. So, all in, almost 30% growth for the quarter. We feel really good about the about the progression we're making on growth. And we start to ramp with higher comparisons as we get into Q2, and then in the back half of the year. Obviously, our historical seasonality has become a bit reshaped as our portfolio has changed. But, we're excited about the growth that we'll post in Q2 and in the back half of the year. And you see that our meaningful guidance raise.

A

Nigel Coe

Analyst, Wolfe Research LLC

Q

Okay. Thanks, Gary. I appreciate that.

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

Julian Mitchell

Analyst, Barclays Capital, Inc.

Q

Maybe I just wanted to circle back to the sort of the organic sales growth assumptions, and help us understand perhaps, first off, with that backlog of \$2.6 billion at the end of March. How much visibility you're now having into second half revenues? And has there been any change in kind of lead time or ordering patterns from customers? And on that revenue point, it looks like on a sort of a two-year stack basis, you're just assuming maybe mid-30s organic sales growth year-on-year each quarter. Is that the right kind of framework?

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Well, let me start with our backlog. So, our backlog continues to grow sequentially. And as we look at our backlog, most of it is over a 12-month period, the majority of it. So that takes us into 2027. And our view there is just, I'd say we're trying to ensure that we're being competitive on our lead times. Of course, we have to work with our supply [ph] base (00:29:53). So, as we're ramping, that's really a significant part of our effort is to make sure that our supply base can ramp with us. But I think, we're making good investments that are allowing us to pursue from there. And I'll let Gary talk to some of the guidance and the organic growth numbers.

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

A

Yeah, Julian, you've got it exactly right. We're looking at mid-30s two-year stack growth, pretty much pretty much throughout the year.

Julian Mitchell

Analyst, Barclays Capital, Inc.

Q

Okay. Great. And then just a follow-up on the margins. Is it fair to say that the operating margin expansion guide for the year is largely similar with what you said three months ago? So, it's up maybe some tens of basis points total company. Just wanted to make sure I had that right. And within that, how much extra kind of cost inflation dollar headwind that are you now assuming with that extra price offset in turn?

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

A

Yeah. I'll start with the margin. Yeah, we're essentially in line with what we had guided previously, sort of, mid-20s incremental in the second half. And call it, 30, 40 basis points overall for the year in margin expansion. As we think about inflation, we have updated our expectations on inflation. We shared mid-single digits at the initial guide, it's up a little bit under a point of inflation still mid-single digit. And we've taken action with additional pricing in the first quarter to offset that inflation.

Julian Mitchell

Analyst, Barclays Capital, Inc.

Q

Great. Thank you.

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

Thank you.

A

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

Jeffrey Todd Sprague

Analyst, Vertical Research Partners LLC

Yeah. Thanks. Good morning, everyone. A couple from me. Just on Blaine. Do these orders represent sort of filling the book for the year? I think, you were holding off taking orders on a lot of those new products that you introduced and the factory wasn't ready. So, I know the sales need to ramp, but do the orders sort of reflect kind of booking the year out?

Q

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

Well, I would say this. Some of our new products are launching in Q2 and Q3, and so we expect that as those products get launched, the orders will follow. So, with respect to Blaine, we're currently building out for the orders that we have, but expanding our capabilities within that site for both new products and existing business that we have.

A

Jeffrey Todd Sprague

Analyst, Vertical Research Partners LLC

And then just thinking about Systems Protections, maybe structural margins. I think, somebody tap-danced around this a little bit. Right? But you clearly would have had factory inefficiencies in the quarter. You also would have had more inflation than you expected in the quarter, right? It's not visible to the naked eye here given the volumes. And there's just naturally factory inefficiencies in any startups. So, should we be thinking about just structurally higher margins as we look forward for Systems Protection? I understand the margin should probably ramp somewhat over the course of the year, but just thinking beyond that.

Q

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

Yeah, Jeff. A couple of a couple of things. The first is we were very pleased with the margin expansion that we saw in the quarter from Systems Protection. We will continue to see nice leverage, and we will also continue to see investment. And we'll continue to invest both in the capacity expansion, as Beth talked about, as Blaine ramps throughout the year and also in our capabilities as I mentioned in my remarks. So, I think, we'll see margin expansion throughout the year for Systems Protection, but we will continue to invest to set us up for the future.

A

Jeffrey Todd Sprague

Analyst, Vertical Research Partners LLC

Great. And just a quick follow-up, incremental tariffs \$80 million. What is the all-in tariff expectation for the year now?

Q

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

A

So, yeah, incremental is \$80 million this year followed from \$90 last year. So, \$170 million all-in. There were, worth mentioning, the US tariff environment remains highly fluid. And we did have a lot of puts and takes since we were last talking to you 90 days ago. But we landed essentially in the same spot with \$80 million headwind primarily in the first half of this year.

Jeffrey Todd Sprague

Analyst, Vertical Research Partners LLC

Q

We had an unrelated CEO say the administration is open to talking about this, and there's some discussions. Are you guys aware of that? You see any possibility of tariff relief relative to your current position?

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

We've kept to our current outlook, and I guess we'll wait and see.

Jeffrey Todd Sprague

Analyst, Vertical Research Partners LLC

Q

Great. Thank you. Good luck. Awesome results.

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: And the next question comes from Vlad Bystricky with Citi. Please go ahead.

Vladimir Bystricky

Analyst, Citigroup Global Markets, Inc.

Q

Hey, good morning, Beth and Gary. Thanks for taking my questions here. And congrats on a nice quarter, and nice start to the year.

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Thanks you, Vlad.

Vladimir Bystricky

Analyst, Citigroup Global Markets, Inc.

Q

So, I just wanted to ask you about the orders we're seeing here. Because I know, you've talked in the past about how orders can be lumpy quarter-to-quarter. But my math is right, the orders have grown almost 40% a quarter on average over the past year. And you're seeing accelerating contributions from NPIs with more products to come. So, can you talk about how you're thinking about the durability of this accelerated orders pace over the coming quarters?

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Well, you are correct in that orders can be lumpy. And so they can vary, certainly month-to-month. I think, as we as we broke it out, we said, our orders were still very strong when you exclude data centers. And so, I think, that's really great. When we look at the orders were broad-based across all of our verticals outside of data centers. So that's good. And then I would say with data centers, they tend to be lumpy. But we believe and this is part of why we took up our guidance is that the backlog and the current order book gives us visibility to a stronger growth year.

Vladimir Bystricky

Analyst, Citigroup Global Markets, Inc.

Q

Okay. I appreciate that, Beth. And then maybe just Stepping back to capital allocation, you highlighted, net leverage back down at the 1.5 times, well below your longer-term target. So, can you talk about what you're seeing M&A pipeline and how we should think about your operational capacity to potentially digest a meaningful acquisition even as you're still ramping production and still integrating prior acquisitions?

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Well, as you know, at our Investor Day, which was just six weeks ago, it seems like a long time ago, but it was six weeks ago, we raised our outlook in terms of what we thought acquisitions or inorganic growth could contribute. And so, that speaks to our confidence and our ability to do larger deals. And so, we have a really robust pipeline. And consistent with how we've talked about infrastructure being the highest growth vertical, our focus is there. And we believe there's opportunity for M&A. We remain very disciplined. And then, we certainly continue to develop our execution capability. And we're very thoughtful about the different targets that we go after and how they would integrate into nVent, and ensuring that we have the right teams and capability to do that.

Vladimir Bystricky

Analyst, Citigroup Global Markets, Inc.

Q

Got it. Thanks, Beth.

Operator: And 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. And I'll add my congratulations on a great start to the year.

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Thanks, Nicole.

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

A

Thanks, Nicole.

Nicole DeBlase

Analyst, Deutsche Bank Securities, Inc.

Q

So, maybe just starting with a question on the order pipeline. The book-to-bill that we calculated is also really strong, 1.2 times this quarter. When you look at the pipeline of orders and the magnitude of customer conversations that you're having, what would you say about the strength of the pipeline and maybe the sustainability of that 1.2 times book-to-bill ratio?

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Well, here's what I would say. There's a couple of comments that I made is that some of the new products that we're working on launch in Q2 and Q3, and we know we have a lot of customer interest. And I think, as you look at the landscape, at least in data centers, we're seeing a wide range of customer interest from hyperscalers, neoclouds, multitenant. And I would comment that we're seeing strength through distribution as well. So, really that diversification and the breadth of customers there, we view as a real positive.

And then the second comment that I would make is, we said, if you excluded data centers, organic orders grew in the mid-teens. And it was very, again across all of our verticals and through distribution, which is a good indicator for us just that in different verticals that we're seeing momentum.

Nicole DeBlase

Analyst, Deutsche Bank Securities, Inc.

Q

Got it. Thanks, Beth. And then one thing on that point that really stood out to me in the prepared remarks was, you said that within Systems Protection, Comm/Resi was up high teens in the quarter, which was a lot stronger than I would have expected. Can you just give us some color on what you guys are seeing in the Comm/Resi vertical and where that improvement is coming from? Thank you.

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Yes. So, in both Systems Protection and Electrical Connections, we are seeing Commercial/Resi growth. And I will say some of our products being sold through distribution is being sold to our contractor base. And it's sometimes hard to distinguish if that, where exactly that's going. So it may be sold to a commercial contractor and then it ends up in a data center, we may not necessarily know that. So, I do think what you're seeing is some of our products, whether it's core enclosures or our power connections, just with construction buildout that we're seeing more uplift there and stronger orders.

Nicole DeBlase

Analyst, Deutsche Bank Securities, Inc.

Q

Got it. Thank you. I'll pass it on.

Operator: And 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 my questions. It was six weeks ago when you said you're expecting about 3 points of growth from new products. And then, first quarter, I know it's one quarter, but 20 points of growth from new products is pretty incredible. And I just wonder if you can elaborate on which categories are you seeing the

most success? And do you feel like you're taking share in some of these categories? And how do you how do you expect that contribution from new product to be playing out throughout the year?

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Yes. So, we've continued to see strength in, and it's a big focus for us, right, on driving new products, on driving velocity through our new product pipeline. And our new products that contributed to our growth so strongly in Q1 were really related to data centers, right? So whether it was liquid cooling or some of our other offerings, that was the strong contributor.

Brian Drab

Analyst, William Blair & Co. LLC

Q

Okay. And you can't comment more specifically on like new versions of the CDU or anything more specifically, Beth?

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Well, I will say this. We've got some new products. Let's see, back at Supercomputing in the fall, we showcased a lot of our new products, and many of those new products are still to launch through this year. So, we think we're going to have continued momentum there with some of these new offerings.

Brian Drab

Analyst, William Blair & Co. LLC

Q

Okay. Thank you. And then, just in terms of your visibility, a moment ago you mentioned backlog is going to take you, you know, into 2027. But can you talk about some of the projects that you're working with or talking to customers about, whether it's hyperscale or co-locators, how far out are some of these projects going? We're hearing a lot of people in the industry saying, you've got now five-plus years of visibility, you're talking about projects for 2030. Any comments along those lines?

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Well, I would say this. With some of our key customers, we have a view to what their demands are for several years out. And so, as we think about making investments in our capacity, and this could be for liquid cooling, it could be for our engineered building solutions, and whether that's part of data centers or power utilities, we're getting a view several years out, and we're staying very close to those customers to make sure that we're making the right investments for expansion as we go forward.

Brian Drab

Analyst, William Blair & Co. LLC

Q

Okay. Thanks very much. Congrats.

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, Brian.

A

Operator: And the next question comes from Jeffrey Hammond with KeyBanc Capital Markets. Please go ahead.

David Tarantino

Analyst, KeyBanc Capital Markets, Inc.

Hey, good morning everyone. This is David Tarantino on for Jeff. Could you give us an update on [ph] TRACHTE (00:44:27) and EPG as it seems the modular theme is playing out quite well here. So, could you talk about what you're expecting here from a growth perspective and maybe give us some color on how you're driving some margin improvement in the deals as well?

Q

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

Okay. Well, I'll start and then I'll turn it over to Gary. With [ph] TRACHTE (00:44:46) and EPG, as you know, we decided that that was a great platform for us because it extended capabilities from enclosures and integration, and we really thought it was going to be a good way for us to strengthen what we do in utilities, and that continues to grow nicely. But in addition to that, we have found that there are significant opportunities in data centers. And so, whether it is for modular data centers, whether it is for the gray space, and so there we're seeing a really nice pipeline of opportunity and have been looking at, how do we expand across our current sites to be able to drive our throughput and see some of those opportunities. And I'll let Gary talk to margins.

A

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

Yeah, I'll just start by reminding folks, it's actually one year today that we closed on EPG. So, they'll flip to organic here as we as we move through the second quarter. And look, we're running the playbook on both Track D and EPG, leveraging our scale to drive synergy. And as we've talked about, EPG has exceeded our expectations, not just on the top line, but on the bottom line as well. So, we're focused on growth, but the margin expansion is impacting our results as well.

A

David Tarantino

Analyst, KeyBanc Capital Markets, Inc.

Okay. Great. And you highlighted orders outside of data center were quite strong as well, I guess how much was driven by our utilities? And are you starting to see some broadening out of the order growth outside of infrastructure?

Q

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

Well, yes, I would say, we had double-digit growth in power utilities from a sales standpoint, and so we've had nice orders there. And when we looked at our orders overall, they were up mid-teens. And I think, we see strength through our distribution channel, which is really where we see that [ph] broadening (00:46:53) across all verticals.

A

David Tarantino

Analyst, KeyBanc Capital Markets, Inc.

Okay. Great. Thanks guys.



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

Alexander Virgo

Analyst, Evercore ISI International Ltd.

Yeah. Thanks very much. Good morning, both of you. I appreciate the opportunity to ask you a question. I wondered if I could dig into the order development for a little bit more color. I want to double-check what you just said on power utilities up mid-teens? And then just on DC, can you give us a sense of sort of splits or even if it's qualitative rather than quantitative, in terms of liquid cooling versus others and a sort of a sense of how much of a – it looks like it's about \$1.5 billion in the quarter. How much of that is actually DC? That would be really helpful. Thank you.



Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

Well, as we mentioned on orders, outside of data centers our orders grew mid-teens. And that was across Commercial/Resi. That was across infrastructure, that was across industrial. So, organic orders were up 40% with most of that – so you could do the math there, with most of that being from data centers. And I will say this, as I mentioned, we've seen really good strength on liquid cooling, but we have with some of our other product lines as well. So I mentioned that we've seen strength in the gray space with engineered buildings, with enclosures and power connections, and we've also seen the white space very strong on liquid cooling but also power distribution units and our cable management. So, when I mentioned data centers, everything – well, I'll leave it at that. I think that's probably a good color for, we're just seeing good order growth across the board.



Alexander Virgo

Analyst, Evercore ISI International Ltd.

Very helpful. Thank you.



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

Neal Burk

Analyst, UBS Securities LLC

Hey, good morning, everyone.



Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

Morning.



Neal Burk

Analyst, UBS Securities LLC

I just have a question on the competitive landscape. I know there are a lot of relatively new players in liquid cooling, and I know you've talked about having the largest install base in liquid cooling. But can you just talk about



how you see this competitive environment evolving and do quarters like the one, like the strong quarter you just reported, does that give you confidence that you're maintaining or even taking share in liquid cooling? Thank you.

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

A

Well, as we've always stated, our liquid cooling capability, we've developed organically and we started at pre-data centers and industrial and medical applications. And so, because we have been working in liquid cooling for a while, we think we have good application expertise, good modeling capability that we've got good field experience. And so, we're continuing to invest in new products and strengthen our portfolio, as well as work with our supply base.

And I think, the space is growing so significantly that it's not a surprise that there would be a lot more entrance into the space. But we have confidence in our strategy and our ability to continue to work with various partners, from the chip manufacturers to the hyperscalers. And I mentioned all the other customers that we're working with, that we have a good view and have worked roadmaps in some cases, and some of our next CDUs to launch out to 2030 with some of the chip manufacturers. So, we're going to continue to invest, and we're going to continue to build on our portfolio. And what's really important is the ability to scale and deliver for customers. And so, we're really focused on that as well.

Neal Burk*Analyst, UBS Securities LLC*

Q

That's great. That's it for me. Thank you.

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

A

Thank you.

Operator: And the next question comes from Scott Graham with Seaport Research. Please go ahead.

Scott Graham*Analyst, Seaport Research Partners*

Q

Hey, good morning, Beth, Gary and Tony. Great quarter, just flat out. I want to ask about inflation a little bit more. I know you said, if [ph] ex-tariffs (00:51:18) inflation was \$20 million, obviously, we've seen commodities prices rise across the board. I'm just wondering, what was the run rate of that number at the end of the quarter? And if it was in fact a higher run rate, which I suspect it might have been, are you still increasing prices to catch up to that?

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

A

Yeah, Scott. So, we did see elevated inflation in the quarter. And as I mentioned, again in an earlier question, we have raised our expectations for inflation a little under a point for the year. And it's really driven by fuel and copper. And we've taken actions in the quarter on pricing. And we feel like we can offset this emerging inflation with pricing and productivity for the year. So that's what we're seeing, and we have a playbook to do this, and we've taken action.

Scott Graham*Analyst, Seaport Research Partners*

Q

Thank you for that. I wanted to maybe just ask you about a seldom discussed subject because you're so US-centric and you're doing so well stateside. Electrification is a secular trend in Europe as well. I was just wondering if – I know you're kind of capacity maxed, maybe even people maxed, but do you have plans to start to move into Europe more aggressively over the next couple of years to try to tap some of that opportunity?

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Well, the answer to that is, yes. And one of the changes that we made a year ago was to put in place a President for both Europe and Asia-Pacific to ensure that we had the focus on our customers, to ensure we had focus on growth opportunities, working with our channel partners. And as I mentioned, we had growth in Europe. And one of the areas certainly that we see is electrification is both the growth and the need for power, as well as data centers are expected to grow more globally. And so, we've been making some of those investments for manufacturing capacity in our plants, as well as our commercial teams.

Scott Graham

Analyst, Seaport Research Partners

Q

Appreciate it. Thank you.

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Thank you.

Operator: And the Next question comes From Austin Wang With GLJ research. Please go ahead.

Austin Wang

Analyst, GLJ Research LLC

Q

Hi, guys. Congratulations on a great quarter. I think if you back up the lion's share of the inorganic sales for the quarter, I think you can get to around like an incredible organic growth rate for the total infrastructure vertical, that's kind of in the 80s, just for 1Q. I know it's chunky. I know we're early in the year here, but like, is it fair to think that both overall data centers and liquid cooling and power within data centers are growing around the overall growth rate for that as well? And maybe, how do you want to [indiscernible] (00:54:37) about those businesses growing this year as we head into more difficult comparison the balance of the year?

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

A

Well, I would say, as you try and look at those different pieces, you are right. It is very strong growth and certainly liquid cooling is significantly growing. But I will share with you that we're seeing some of our other portfolios beyond liquid cooling growing at significant growth rates, both in the gray space and in the white space. And so, as we look to our backlog and we look to the orders, that's what gave us confidence to raise our guidance is that runway that we have. And as we're adding capacity in new products, we have confidence in what we're going to be able to execute through the back half of the year and setup for 2027.

Austin Wang

Analyst, GLJ Research LLC

Q

That's great. And do you think we could maybe get a handle on the size of that gray space business last year? I know some of the acquisitions make it a little messy, but maybe as a just a percentage of overall sales?

Gary Louis Corona

Chief Financial Officer & Executive Vice President, nVent Electric Plc

Yeah. What we said at Investor Day was 80% white space and 20% gray space.

A

Austin Wang

Analyst, GLJ Research LLC

Got it. And that's within the total data center business. okay. Thank you guys so much. I'll get back in queue.

Q

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

Beth A. Wozniak

Chair & Chief Executive Officer, nVent Electric Plc

All right. Well, I want to end by saying today is May 1, which actually is our birthday today. So, it's a great day for our employees to celebrate. But I want to thank everyone for joining us today. We're confident in our strategy, which has remained consistent, our ability to execute. We have many growth opportunities and multiple levers to expand margins, and we significantly raised our mid-term targets at our Investor Day to reflect these opportunities.

I'm proud of our performance in the first quarter. We will continue to focus on delivering for our customers, employees and shareholders. 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 has now concluded. Thank you for attending today's presentation. You may now disconnect.

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