

# nVent Third Quarter 2018

**Earnings Presentation**

**October 25, 2018**



# Forward-Looking Statement

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## CAUTION CONCERNING FORWARD-LOOKING STATEMENTS

This presentation contains statements that we believe to be "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. All statements, other than statements of historical fact are forward-looking statements. Without limitation, any statements preceded or followed by or that include the words "targets," "plans," "believes," "expects," "intends," "will," "likely," "may," "anticipates," "estimates," "projects," "forecasts," "should," "would," "positioned," "strategy," "future," or words, phrases or terms of similar substance or the negative thereof, are forward-looking statements. All projections in this presentation are also forward-looking statements. These forward-looking statements are not guarantees of future performance and are subject to risks, uncertainties, assumptions and other factors, some of which are beyond our control, which could cause actual results to differ materially from those expressed or implied by such forward-looking statements. These factors include the ability to realize the anticipated benefits from our separation from Pentair (the "Separation"); adverse effects on our business operations or financial results as a result of the consummation of the Separation; the ability of our business to operate independently following the Separation; overall global economic and business conditions impacting our business; the ability to achieve the benefits of our restructuring plans; the ability to successfully identify, finance, complete and integrate acquisitions; competition and pricing pressures in the markets we serve, including the impacts of tariffs; the strength of housing and related markets; volatility in currency exchange rates and commodity prices; inability to generate savings from excellence in operations initiatives consisting of lean enterprise, supply management and cash flow practices; increased risks associated with operating foreign businesses; the ability to deliver backlog and win future project work; failure of markets to accept new product introductions and enhancements; the impact of changes in laws and regulations, including those that limit U.S. tax benefits; the outcome of litigation and governmental proceedings; and the ability to achieve our long-term strategic operating goals. Additional information concerning these and other factors is contained in our filings with the Securities and Exchange Commission, including nVent's Registration Statement on Form 10, as amended. All forward-looking statements speak only as of the date of this presentation. nVent Electric plc assumes no obligation, and disclaims any obligation, to update the information contained in this presentation.

## Key Definitions and Notes

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- Except as otherwise noted all references to 2018 and 2017 represent our results for the period indicated, presented on an adjusted basis
- “Organic Sales” refers to GAAP revenue excluding (1) the impact of currency translation and (2) the impact of revenue from acquired businesses recorded prior to the first anniversary of the acquisition less the amount of sales attributable to divested product lines not considered discontinued operations
- Segment income represents operating income exclusive of non-cash intangible amortization, certain acquisition related expenses, costs of restructuring activities, impairments and other unusual non-operating items
- Return on sales ("ROS") equals segment income divided by sales
- The 2018 full-year and Q4 outlook included herein reflects the separation of nVent from Pentair on April 30, 2018
- See appendix for GAAP to non-GAAP reconciliations

# Executive Summary

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## Q3 '18

- Sales of \$564 million grew 5% organically
- ROS was 20.4%
- EPS of \$0.46

## Segment Call-outs

- Strong sales growth in Enclosures and Electrical & Fastening Solutions (“EFS”)
- Thermal Management returned to organic sales growth
- ROS expanded year-over-year in Enclosures and EFS

## 2018 Outlook

- Updated organic sales growth to 3 - 4% versus original guidance of 2 - 4%
- Continue to target FCF\* at 100% of adjusted net income
- EPS guidance range narrowed to \$1.73 - \$1.77

**Delivering on our commitments**

# nVent Strategy

## One nVent

**Focus on Attractive Verticals**

**Accelerate Innovation and Connected Solutions**

**Grow Globally and in Developing Regions**

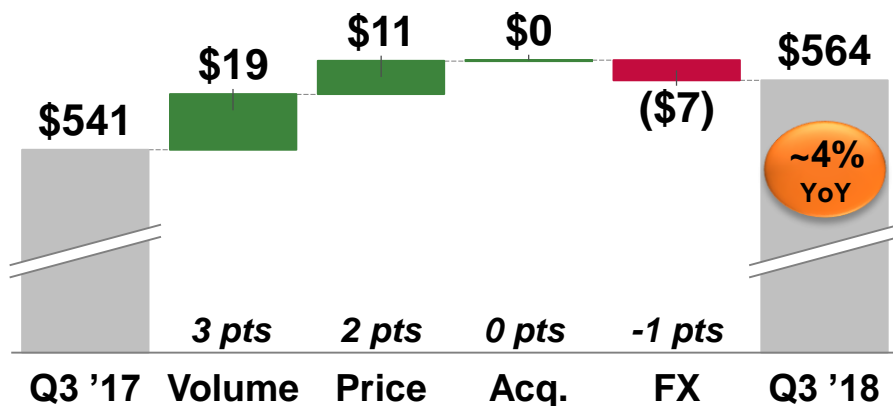
**Drive Productivity and Velocity**

**Pursue Targeted Bolt-on Acquisitions**

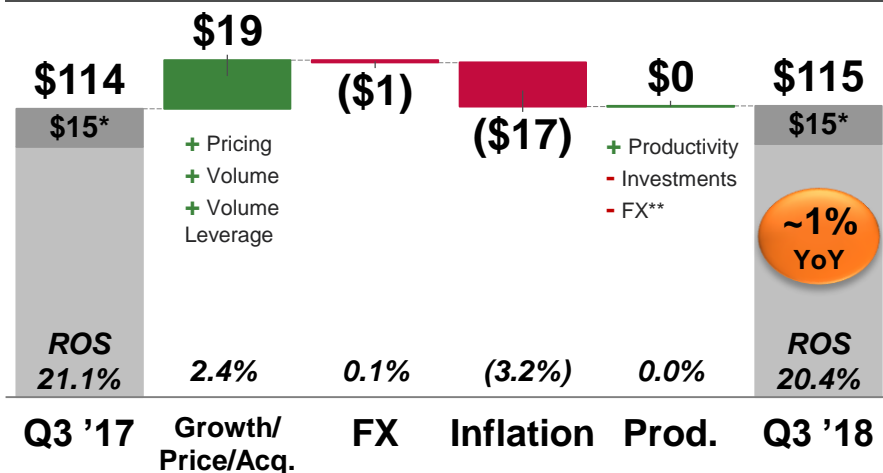


# Q3 '18 nVent Performance

## Sales (\$ in millions)



## Segment Income (\$ in millions)



## Financial Highlights (YoY)

- **Organic sales up 5%**
  - Enclosures: Up 8%
  - Thermal Management: Up 2%
  - EFS: Up 6%
- **Segment Income up 1%, up 5% excluding corporate and other costs**
- **ROS 20.4%**
- **Other Items**
  - Adjusted Tax Rate of ~18%
  - Net Interest Expense of ~\$12M
  - Shares of ~182M
- **Pro Forma Free Cash Flow \$151M year-to-date**
  - Includes \$46M of separation and related costs

# A Deeper Dive Into Thermal Management

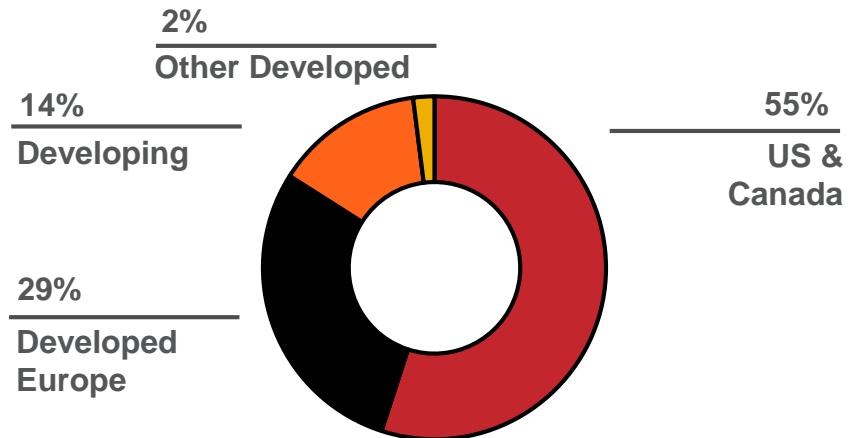
- Provide electric thermal solutions that connect and protect people, critical infrastructure, industrial processes and buildings
- Strong brand recognition as a global leader in electric heat tracing solutions and complete heat management systems



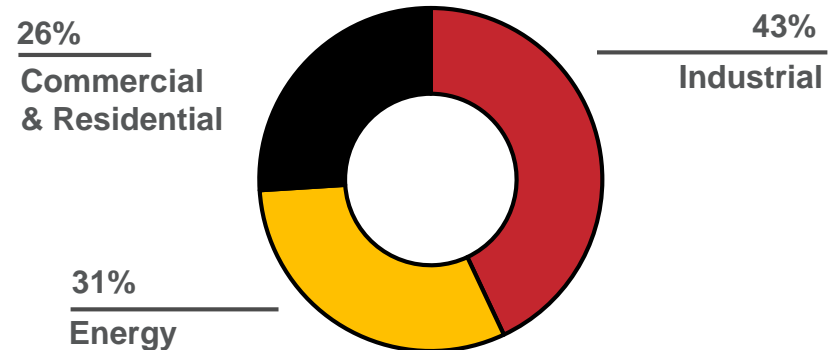
- ELEXANT family of next generation smart controls



## Geographies\*



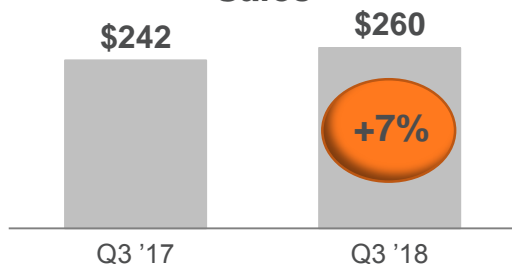
## Verticals\*



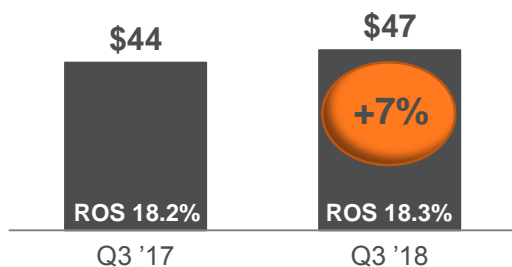
# Q3 '18 Segment Performance

## Enclosures (\$ in millions)

### Sales



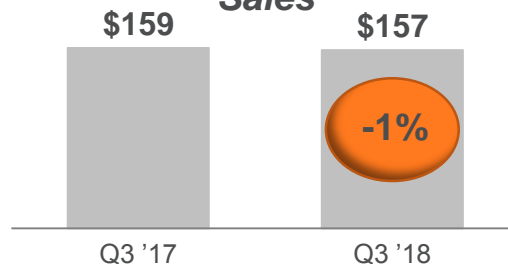
### Segment Income



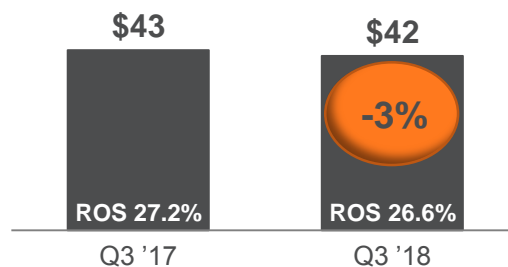
- Broad-based growth across verticals and geographies
- Year-over-year ROS expansion

## Thermal Management (\$ in millions)

### Sales



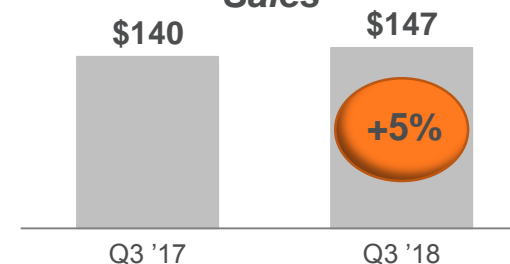
### Segment Income



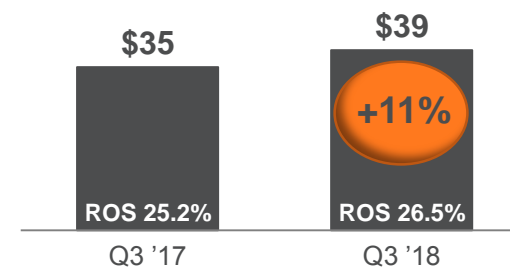
- Industrial MRO and Commercial strength
- Longer cycle energy business picked up
- Tough comparative quarter

## EFS (\$ in millions)

### Sales



### Segment Income



- Strong revenue growth across portfolio
- Price + Productivity drove ROS expansion
- Price offset inflation

**Building momentum**



## Q4 '18 nVent Outlook

	Q4 '18 Guidance	Q4 '17
Organic Sales	+2% - 4%	\$542M
ROS	19% - 20%	18.7%
EPS (reported)	\$0.37 - \$0.41	—
EPS (adjusted)	\$0.44 - \$0.48	—

### Summary




- Continued sales strength
- ROS YoY gains in Enclosures
- Actively managing price/cost

### Other Considerations

- Tax rate: ~18%
- Net Interest Expense: \$11M - \$12M
- Corporate and other costs: \$13M - \$14M
- Shares: ~182M

Continuing to execute on our strategy

# Full-Year 2018 nVent Pro Forma Outlook

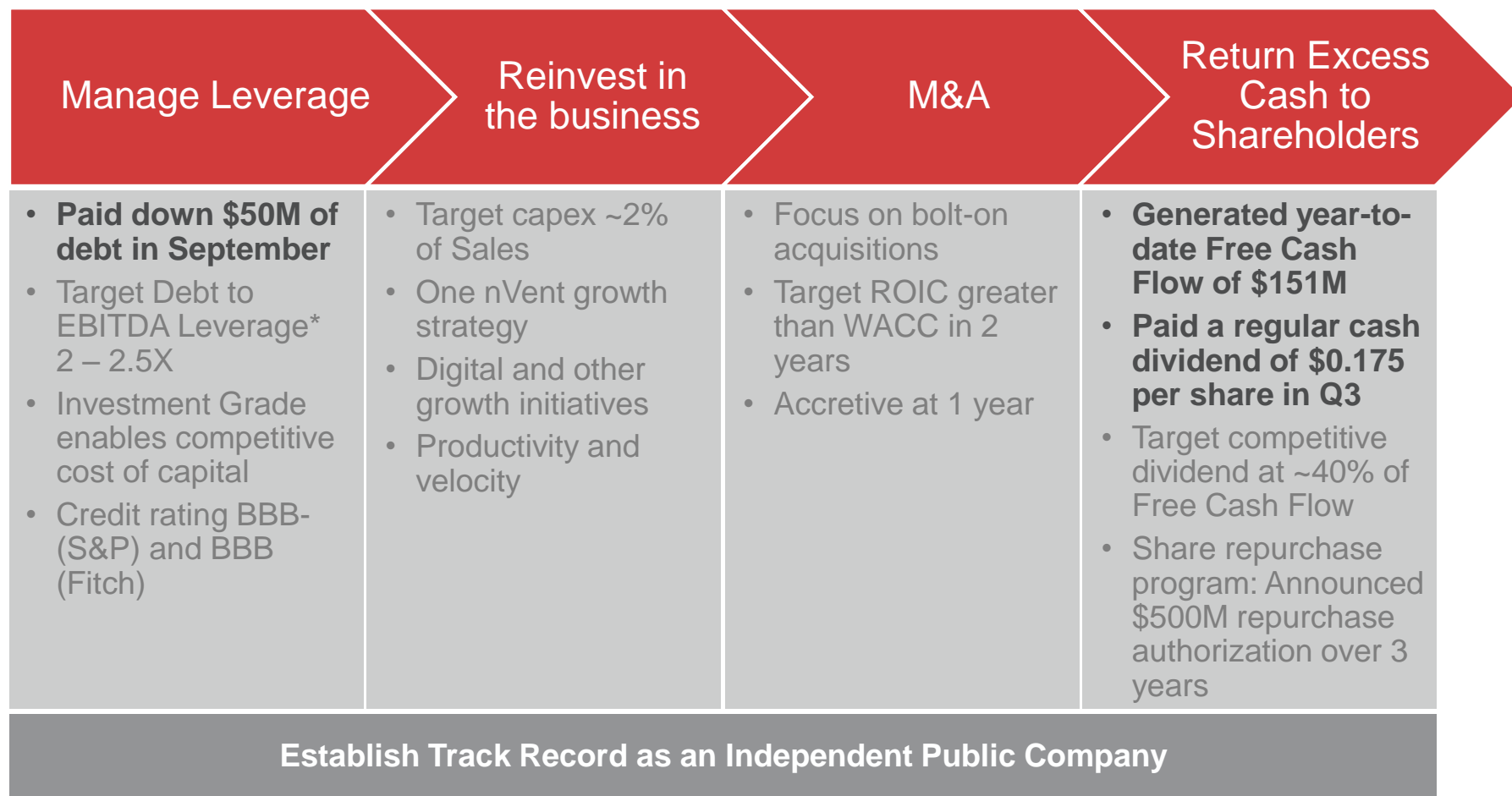
	Enclosures	Thermal Mgmt.	EFS	Total
Organic Sales	Up 5 - 6%	~Flat	Up 2 - 4%	Up 3 - 4%
ROS	~Flat	+100 - 120bps	~Flat	~Flat
Corporate Expenses				~\$50M
Net Interest Expense				~\$38M
Tax Rate				~18%
Reported EPS				\$1.28 - \$1.32
Adjusted EPS				\$1.73 - \$1.77
Shares				~182M

## Key Considerations

- ROS inclusive of growth investments, tariffs, inflation and unfavorable FX changes
- Total D&A of ~\$100M + ~\$14M of Non-Cash Stock Compensation
- Target FCF at 100% of Adjusted Net Income
- Movement within segments, however total organic sales and ROS guidance consistent with prior guidance

**On track to deliver financial commitments**

# Capital Allocation Update



**Disciplined, prudent approach to capital allocation**

# Summary

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## We are a Leader in Connection and Protection

- **Industry-leading positions in growing verticals**
- **Attractive segments with differentiated growth opportunities**
- **Clear strategy and focused on driving organic growth**
- **One nVent approach accelerating performance**
- **Consistent and strong free cash flow generation**

**Building a high-performance growth company**



## Appendix

# GAAP to Non-GAAP Measurements & Reconciliations



# Reported to Adjusted 2018 Reconciliation

nVent Electric plc  
Reconciliation of the GAAP year ended December 31, 2018 to the non-GAAP financial measures  
excluding the effect of 2018 adjustments (Unaudited)

<i>In millions, except per-share data</i>	Actual			Forecast <sup>(1)</sup>	
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Net sales	\$ 538.9	\$ 542.7	\$ 563.9	\$545 - \$560	\$2,190 - \$2,205
Operating income	65.6	65.3	93.7	90 - 100	315 - 325
% of net sales	12.2%	12.0%	16.6%	16% - 18%	14% - 15%
Adjustments:					
Restructuring and other	2.8	2.3	1.3	-	6
Intangible amortization	15.4	15.2	15.2	15	61
Separation costs	9.7	24.8	4.8	-	39
Corporate allocations	-	(0.8)	-	-	(1)
Segment income	93.5	106.8	115.0	105 - 115	420 - 430
Return on sales	17.4%	19.7%	20.4%	19% - 20%	19% - 20%
Corporate and other costs	12.3	12.4	13.2	13	51
Segment income excluding corporate and other costs	105.8	119.2	128.2	118 - 128	471 - 481
Net income - as reported	52.3	43.3	68.2	68 - 75	232 - 239
Interest expense adjustment - pro forma	(5.6)	-	-	-	(6)
Adjustments to operating income	27.9	41.5	21.3	15	106
Pension and other post-retirement mark-to-market loss	-	4.1	-	-	4
Income tax adjustments	(4.0)	(9.8)	(5.5)	(3)	(22)
Net income - pro forma adjusted	\$ 70.6	\$ 79.1	\$ 84.0	\$80 - \$87	\$314 - \$321
<b>Diluted earnings per ordinary share - pro forma adjusted</b>					
Diluted earnings per ordinary share - pro forma	\$ 0.29	\$ 0.24	\$ 0.38	\$0.37 - \$0.41	\$1.28 - \$1.32
Adjustments	0.10	0.20	0.08	0.07	0.45
Diluted earnings per ordinary share - pro forma adjusted	\$ 0.39	\$ 0.44	\$ 0.46	\$0.44 - \$0.48	\$1.73 - \$1.77
Diluted weighted average ordinary shares outstanding - pro forma	181.2	180.8	181.5	182	182

<sup>(1)</sup> Forecast information represents an approximation

# Reported to Adjusted 2017 Reconciliation

**nVent Electric plc**  
**Reconciliation of the GAAP year ended December 31, 2017 to the non-GAAP financial measures**  
**excluding the effect of 2017 adjustments (Unaudited)**

<i>In millions</i>	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Net sales	\$ 502.2	\$ 513.2	\$ 540.6	\$ 541.9	\$ 2,097.9
Operating income	67.6	89.5	99.6	59.4	316.1
<i>% of net sales</i>	13.5%	17.4%	18.4%	11.0%	15.1%
Adjustments:					
Restructuring and other	9.3	3.7	-	-	13.0
Intangible amortization	15.3	15.3	15.4	15.4	61.4
Trade name impairment	-	-	-	16.4	16.4
Separation costs	-	2.2	4.7	9.2	16.1
Corporate allocations	(3.5)	(5.0)	(5.8)	0.8	(13.5)
Segment income	88.7	105.7	113.9	101.2	409.5
<i>Return on sales</i>	17.7%	20.6%	21.1%	18.7%	19.5%
Corporate and other costs	9.3	8.9	8.7	16.2	43.1
Segment income excluding corporate and other costs	98.0	114.6	122.6	117.4	452.6

# Organic Sales Growth & Free Cash Flow Reconciliation

nVent Electric plc  
Reconciliation of Net Sales Growth to Organic Net Sales Growth by Segment  
for the quarter ended September 30, 2018 (Unaudited)

	Actual			
	Q3 Net Sales Growth			
	Organic	Currency	Acq./Div.	Total
<b>nVent</b>	5.5%	(1.2%)	—%	4.3%
Enclosures	7.9%	(0.5%)	—%	7.4%
Thermal Management	1.6%	(2.7%)	—%	(1.1%)
Electrical & Fastening Solutions	6.0%	(0.8%)	—%	5.2%

nVent Electric plc  
Reconciliation of Net Sales Growth to Organic Net Sales Growth by Segment  
for the quarter ended and the year ended December 31, 2018 (Unaudited)

	Forecast <sup>(1)</sup>							
	Q4 Net Sales Growth				Full Year Net Sales Growth			
	Organic	Currency	Acq./Div.	Total	Organic	Currency	Acq./Div.	Total
<b>nVent</b>	2 - 4%	(1)%	—%	1 - 3%	3 - 4%	1%	—%	4 - 5%
Enclosures					5 - 6%	1%	—%	6 - 7%
Thermal Management					0 - 1%	1%	—%	1 - 2%
Electrical & Fastening Solutions					2 - 4%	1%	—%	3 - 5%

<sup>(1)</sup> Forecast information represents an approximation

nVent Electric plc  
Reconciliation of cash from operating activities to free cash flow (Unaudited)

<i>In millions</i>	Nine months ended September 30, 2018
<b>Free cash flow</b>	
Net cash provided by (used for) operating activities - as reported	\$ 182.6
Interest expense - pro forma	5.6
Net cash provided by (used for) operating activities - pro forma	177.0
Capital expenditures	(28.5)
Proceeds from sale of property and equipment	2.3
<b>Free cash flow - pro forma</b>	\$ 150.8