

# nVent Fourth Quarter and Full-Year 2018

**Earnings Presentation**

**January 31, 2019**



# Forward-Looking Statement and Key Definitions

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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 adverse effects on our business operations or financial results as a result of the consummation of our separation from Pentair ("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

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. See appendix for GAAP to non-GAAP reconciliations.

# Executive Summary

## Q4 '18

- Sales of \$568 million grew 6% organically
- ROS was 19.1%; Segment Income grew 7%
- Adjusted EPS of \$0.45
- Repurchased ~\$60 million of shares

## Full-Year 2018

- Sales of \$2.2 billion grew 5% organically
- ROS was 19.1%; Adjusted EPS of \$1.74
- Delivered strong pro forma Free Cash Flow of \$301 million\*
- Returned ~\$120 million of cash to shareholders

## Q4 Segment Call-outs

- Sales growth accelerated in all segments
- One nVent and key verticals driving sales growth
- 70 basis point ROS expansion in Enclosures

## 2019 Outlook

- Expect Organic Sales growth of 2 - 4%; FX is a 1 - 2% headwind
- Target FCF at 95 - 100% of Adjusted Net Income
- Adjusted EPS guidance range of \$1.80 - \$1.90; FX is a negative ~\$0.02

**Strong finish to a successful first year**

# 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**



# Segment Highlights

## Enclosures



### Focus on Attractive Verticals

#### Data & Networking Solutions

- New commercial team
- Commercializing high density liquid cooling
- Driving awareness and demand

## Thermal Management



### Accelerate Innovation and Connected Solutions

#### Elexant Controllers

- More options to connect to products, customer's systems
- Intuitive user interface
- Data driven insights providing actionable information

## Electrical & Fastening Solutions (“EFS”)



### Accelerate Innovation and Grow Globally

#### CADDY Seismic Bracing

- Differentiating features that reduce total installed cost

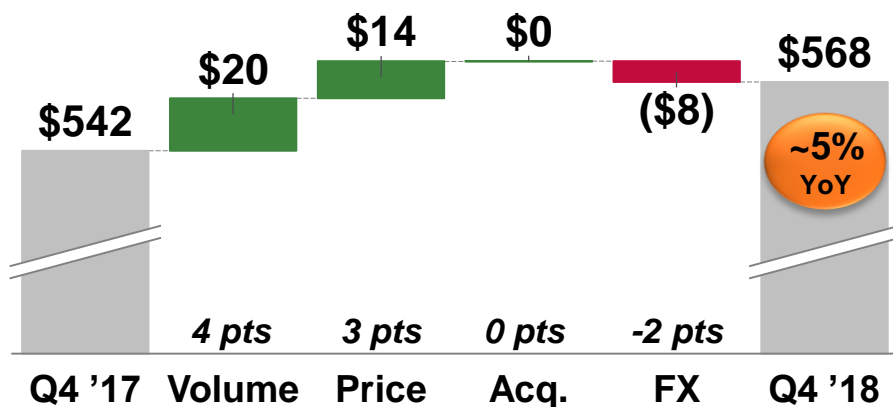
#### ERIFLEX Flexibar Advanced Conductors

- Unique, safer and flexible

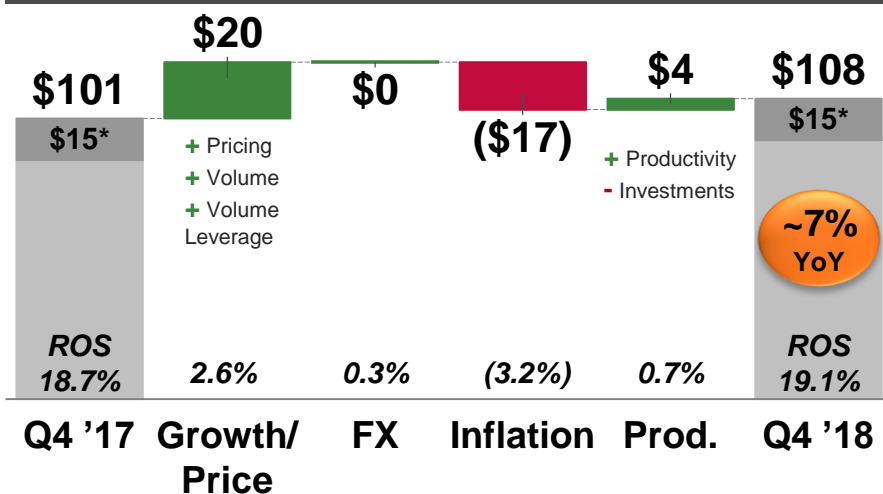
Executing on our strategy

# Q4 '18 nVent Performance

## Sales (\$ in millions)



## Segment Income (\$ in millions)

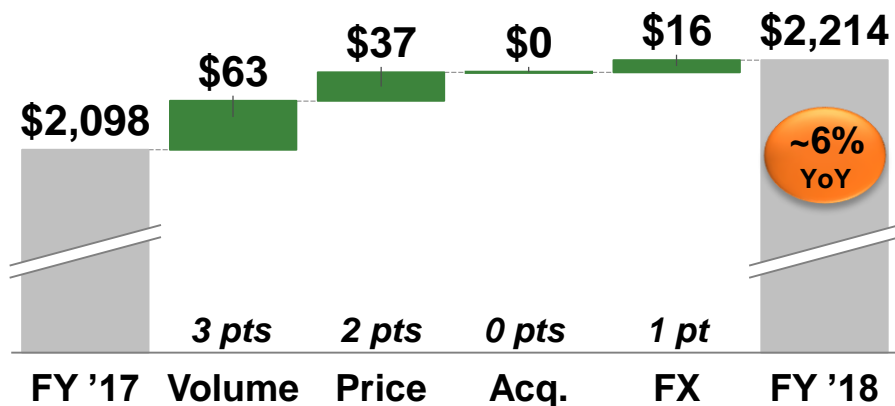


## Financial Highlights (YoY)

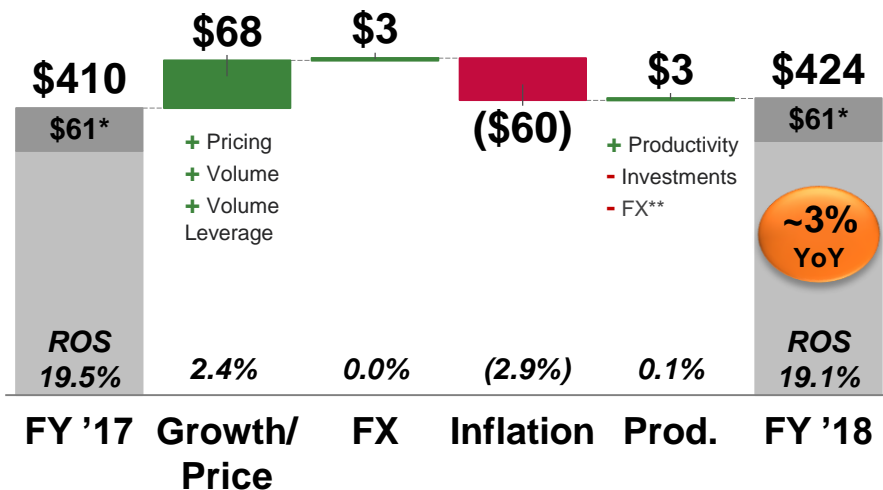
- Organic Sales up 6%
- Price + Productivity offset Inflation
- Segment Income up 7%
  - Up 3% excluding corporate and other costs
- Adjusted EPS of \$0.45
- Free Cash Flow of \$150M
  - Includes \$6M of tax-effected separation and related costs
- Other Items
  - Adjusted Tax Rate of ~18%
  - Net Interest Expense of ~\$10M
  - Shares of ~180M

# Full-Year 2018 nVent Performance

## Sales (\$ in millions)



## Segment Income (\$ in millions)



## Financial Highlights (YoY)

- Organic Sales up 5%
  - Up 5% excluding corporate and other costs
- Segment Income up 3%
  - Up 5% excluding corporate and other costs
- Adjusted EPS of \$1.74
- Pro forma Free Cash Flow of \$301M
  - Includes \$43M of tax-effected separation and related costs
- Other Items
  - Adjusted Tax Rate of ~18%
  - Net Interest Expense of ~\$37M
  - Shares of ~181M

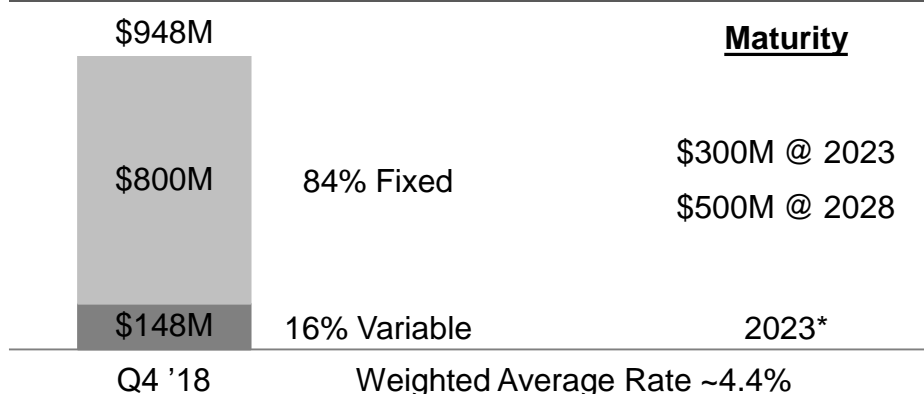
# Balance Sheet and Cash Flow

## Cash Flow (\$M)

	Q4 2018	YTD 2018
<b>Net Income</b>	\$ 67	\$ 231
Amortization	15	61
<b>Subtotal</b>	\$ 82	\$ 292
Depreciation	9	36
Capital Expenditures	(11)	(40)
Working Capital	85	42
Other Accruals/Other	(15)	(29)
<b>Free Cash Flow - Total</b>	\$ 150	\$ 301

- Generated over \$300M of pro forma Free Cash Flow
- 2018 Capital Expenditures of \$40M
- 2018 D&A of ~\$97M + ~\$13M of Non-Cash Stock Compensation
- Net debt to EBITDA ratio of 1.7X
- \$600M revolver available

## Debt Summary



Note: Does not include \$159M of cash on hand at year-end and \$6M of unamortized debt issuance costs

\*Payments required via amortization schedule

## Debt Roll-Forward (\$M)

Use of Cash:	Q4 2018	YTD 2018
<b>Beginning Debt</b>	\$ 944	\$ -
Used (Generated) Pro Forma Cash	(150)	(301)
Debt Issuance	-	990
Share Repurchases	56	56
Dividends	32	63
Debt Repayments	(3)	(53)
Other	63	187
<b>Ending Debt</b>	\$ 942	\$ 942

**Strong cash flow generation and balance sheet optionality**



# Q4 '18 Segment Performance

(\$M)	Sales	Segment Income	Commentary
<b>Enclosures</b>	<b>\$251</b> Up 8% Up 9% Organic	<b>\$39</b> Up 13% ROS 15.5%	<ul style="list-style-type: none"> <li>+ Strong growth in key verticals</li> <li>+ Sales growth exceeded expectations</li> <li>+ Year-over-year ROS expansion of 70 basis points</li> </ul>
<b>Thermal Mgmt</b>	<b>\$179</b> Up 1% Up 3% Organic	<b>\$48</b> Down 4% ROS 27.1%	<ul style="list-style-type: none"> <li>+ Industrial MRO and Commercial strength</li> <li>- Longer cycle energy sales continue to recover</li> <li>- ROS contraction anticipated in guidance</li> </ul>
<b>EFS</b>	<b>\$139</b> Up 5% Up 6% Organic	<b>\$33</b> Up 2% ROS 23.8%	<ul style="list-style-type: none"> <li>+ Industrial and Commercial strength</li> <li>+ Price offset inflation</li> <li>- Productivity challenges</li> </ul>

**Strongest growth quarter of the year**

# Full-Year 2018 Segment Performance

(\$M)	Sales	Segment Income	Commentary
<b>Enclosures</b>	<b>\$1,020</b> Up 9% Up 8% Organic	<b>\$175</b> Up 6% ROS 17.1%	<ul style="list-style-type: none"> <li>+ Strong global, above industry growth</li> <li>+ Continued operational improvements</li> <li>+ ROS expansion in the second half of the year</li> </ul>
<b>Thermal Mgmt</b>	<b>\$623</b> Flat Down 1% Organic	<b>\$154</b> Up 5% ROS 24.7%	<ul style="list-style-type: none"> <li>+ Industrial MRO and Commercial strength</li> <li>+ Margin expanded 100 basis points</li> <li>- Longer cycle energy sales slow to recover</li> </ul>
<b>EFS</b>	<b>\$571</b> Up 6% Up 5% Organic	<b>\$145</b> Up 3% ROS 25.3%	<ul style="list-style-type: none"> <li>+ Strong revenue growth across portfolio</li> <li>+ Price offset inflation</li> <li>- Productivity challenges</li> </ul>

**Successful first year**

# Full-Year 2019 nVent Outlook

## Total nVent

Organic Sales	Up 2 - 4%
ROS	+40 - 60 bps
EPS	<b>Reported:</b> \$1.52 - \$1.62 <b>Adjusted:</b> \$1.80 - \$1.90
Other Items	<b>Net Int. Exp.:</b> ~\$41M <b>Tax Rate:</b> ~18%* <b>Shares:</b> ~177M

## Organic Sales by Segment

Enclosures	Up 2 - 4%
Thermal Management	Up 2 - 6%
EFS	Up 2 - 4%

## Key Considerations

- Target FCF at 95 - 100% of Adjusted Net Income
- Expect increase in corporate and other costs, inclusive of digital investments
- Currency headwind of 1 - 2 points on sales and ~\$0.02 to EPS
- Expect higher inflation versus 2018
- Share count assumes execution of our capital allocation plan
- Total D&A of ~\$100M + ~\$19M of Non-Cash Stock Compensation

**Balanced growth with ROS expansion**

# First Quarter 2019 nVent Outlook

	Q1 '19	Q1 '18
Organic Sales	+2% - 4%	\$539M
EPS (reported)	\$0.29 - \$0.33	\$0.29
EPS (adjusted)	\$0.36 - \$0.40	\$0.39

Other Items	
Tax Rate	~18%
Net Interest Expense	~\$11M
Shares	~179M

## Summary

- Expect continued sales acceleration in Thermal Management
- Currency expected to negatively impact sales by approximately 3% and EPS by ~\$0.01
- Higher year-over-year net interest expense and corporate and other costs versus allocated costs pre-spin
- Expect higher year-over-year inflation

**EPS impacted by currency and interest; Continue strong sales growth**

# 2019 Priorities

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## Organic Growth

- Accelerate One nVent initiatives
- Drive key verticals
- Grow with new products

## Margin Expansion

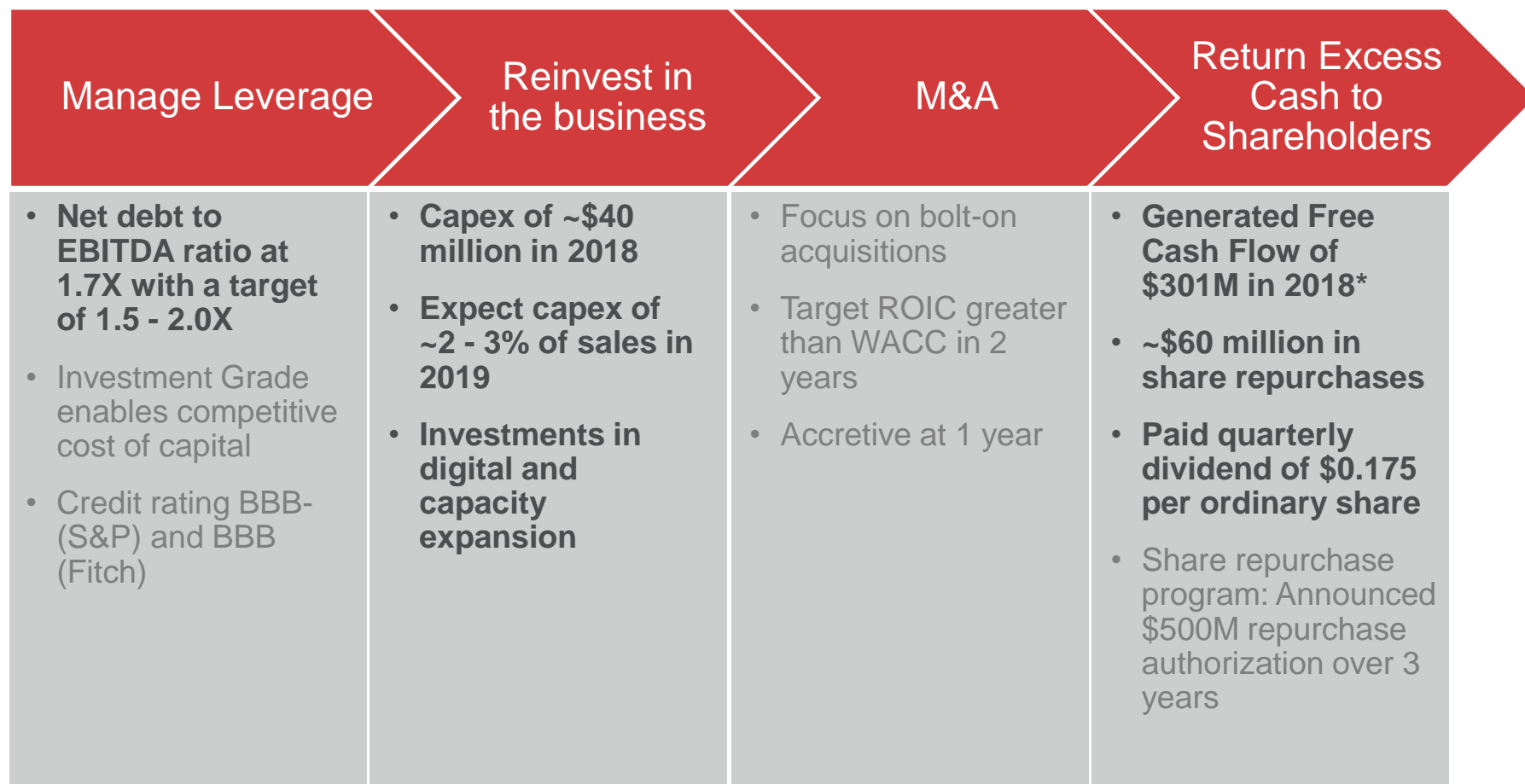
- Deliver price + productivity to offset inflation
- Drive supply chain efficiencies

## Capital Allocation

- Return cash in form of dividends and repurchases
- Focus on accretive and bolt-on M&A

**Focused priorities**

# 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 and strong brands**
- **Attractive segments offering differentiated solutions**
- **Clear and proven strategy 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)

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
Net sales	\$ 538.9	\$ 542.7	\$ 563.9	\$ 568.1	\$ 2,213.6
Net income	52.3	43.3	68.2	67.0	230.8
Provision for income taxes	11.5	7.6	12.9	5.9	37.9
Income before income taxes	63.8	50.9	81.1	72.9	268.7
Other Expense	1.2	5.1	0.9	3.7	10.9
Net interest expense	0.6	9.3	11.7	9.6	31.2
Operating income	65.6	65.3	93.7	86.2	310.8
<i>% of net sales</i>	12.2%	12.0%	16.6%	15.2%	14.0%
Adjustments:					
Restructuring and other	2.8	2.3	1.3	1.3	7.7
Intangible amortization	15.4	15.2	15.2	15.1	60.9
Separation costs	9.7	24.8	4.8	5.7	45.0
Corporate allocations	-	(0.8)	-	-	(0.8)
Segment income	93.5	106.8	115.0	108.3	423.6
<i>Return on sales</i>	17.4%	19.7%	20.4%	19.1%	19.1%
Corporate and other costs	12.3	12.4	13.2	12.0	49.9
Segment income excluding corporate and other costs	\$ 105.8	\$ 119.2	\$ 128.2	\$ 120.3	\$ 473.5
Segment income	\$ 93.5	\$ 106.8	\$ 115.0	\$ 108.3	\$ 423.6
Depreciation	9.2	9.1	9.3	8.6	36.2
EBITDA - as adjusted	\$ 102.7	\$ 115.9	\$ 124.3	\$ 116.9	\$ 459.8
Net income - as reported	\$ 52.3	\$ 43.3	\$ 68.2	\$ 67.0	\$ 230.8
Interest expense adjustment - pro forma	(5.6)	-	-	-	(5.6)
Adjustments to operating income	27.9	41.5	21.3	22.1	112.8
Pension and other post-retirement mark-to-market loss	-	4.1	-	2.9	7.0
Income tax adjustments	(4.0)	(9.8)	(5.5)	(11.7)	(31.0)
Net income - pro forma adjusted	\$ 70.6	\$ 79.1	\$ 84.0	\$ 80.3	\$ 314.0
<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	\$ 1.28
Adjustments	0.10	0.20	0.08	0.08	0.46
Diluted earnings per ordinary share - pro forma adjusted	\$ 0.39	\$ 0.44	\$ 0.46	\$ 0.45	\$ 1.74
Diluted weighted average ordinary shares outstanding - pro forma	181.2	180.8	181.5	180.2	180.8

# 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

# Reported to Adjusted 2019 Reconciliation

**nVent Electric plc**  
**Reconciliation of the GAAP year ended December 31, 2019 to the non-GAAP financial measures**  
**excluding the effect of 2019 adjustments (Unaudited)**

<i>In millions, except per-share data</i>	Forecast <sup>(1)</sup>	
	First Quarter	Full Year
Net sales		\$ 2,250
Operating income		383
<i>% of net sales</i>		17%
Adjustments:		
Intangible amortization		61
Segment income		444
<i>Return on sales</i>		20%
Net income - as reported	56	278
Intangible amortization	15	61
Income tax adjustments	(3)	(11)
Net income - as adjusted	\$ 68	\$ 328
<b>Diluted earnings per ordinary share</b>		
Diluted earnings per ordinary share - as reported	\$0.29 - \$0.33	\$1.52 - \$1.62
Adjustments	0.07	0.28
Diluted earnings per ordinary share - as adjusted	\$0.36 - \$0.40	\$1.80 - \$1.90

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

# 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 and year ended December 31, 2018 (Unaudited)

	Q4 Net Sales Growth				Full Year Net Sales Growth			
	Organic	Currency	Acq./Div.	Total	Organic	Currency	Acq./Div.	Total
<b>nVent</b>	<b>6.3%</b>	<b>(1.5%)</b>	<b>—%</b>	<b>4.8%</b>	<b>4.7%</b>	<b>0.8%</b>	<b>—%</b>	<b>5.5%</b>
Enclosures	9.0%	(1.2%)	—%	7.8%	8.3%	0.8%	—%	9.1%
Thermal Management	2.7%	(2.1%)	—%	0.6%	(0.5%)	0.7%	—%	0.2%
Electrical & Fastening Solutions	6.4%	(1.0%)	—%	5.4%	4.7%	0.8%	—%	5.5%

nVent Electric plc  
Reconciliation of Net Sales Growth to Organic Net Sales Growth by Segment  
for the quarter ended March 31, 2019 and the year ended December 31, 2019 (Unaudited)

	Forecast <sup>(1)</sup>				Forecast <sup>(1)</sup>			
	Q1 Net Sales Growth				Full Year Net Sales Growth			
	Organic	Currency	Acq./Div.	Total	Organic	Currency	Acq./Div.	Total
<b>nVent</b>	<b>2 - 4%</b>	<b>(3%)</b>	<b>—%</b>	<b>(1) - 1%</b>	<b>2 - 4%</b>	<b>(1) - (2)%</b>	<b>—%</b>	<b>0 - 3%</b>
Enclosures					2 - 4%	(1)%	—%	1 - 3%
Thermal Management					2 - 6%	(2) - (3)%	—%	(1) - 4%
Electrical & Fastening Solutions					2 - 4%	(1)%	—%	1 - 3%

<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>	Three months ended		Twelve months ended	
	December 31, 2018		December 31, 2018	
<b>Free cash flow</b>				
Net cash provided by (used for) operating activities - as reported	\$	160.9	\$	343.5
Interest expense - pro forma		-		(5.6)
Net cash provided by (used for) operating activities - pro forma		160.9		337.9
Capital expenditures		(11.0)		(39.5)
Proceeds from sale of property and equipment		0.1		2.4
<b>Free cash flow - pro forma</b>	\$	150.0	\$	300.8