

# nVent Second Quarter 2018

**Earnings Presentation**



# 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," "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 Q3 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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## Q2'18

- Sales of \$543 million grew 4% organically
- ROS was 19.7%
- EPS of \$0.44

## Segment Callouts

- Strong Enclosures growth and sequential 270 bps margin improvement
- Thermal Management longer cycle energy business still in recovery
- Broad-based growth in Electrical & Fastening Solutions (“EFS”)

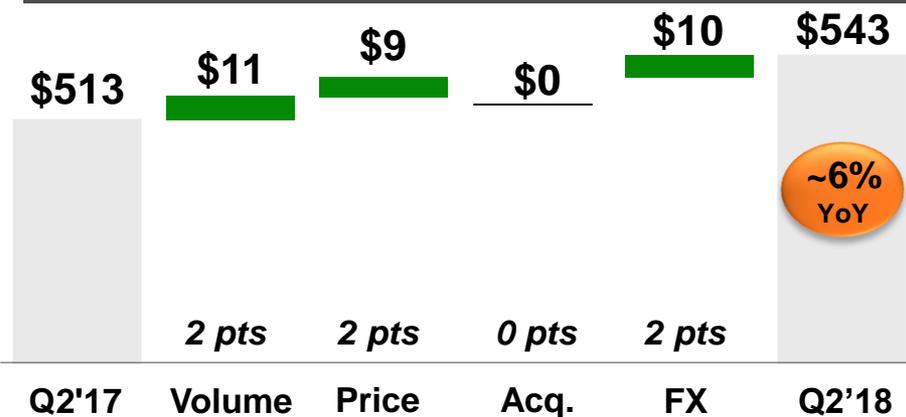
## 2018 Outlook

- 2 - 4% organic sales growth remains unchanged
- Continue to target FCF at 100% of adjusted net income
- ROS flat YoY remains unchanged

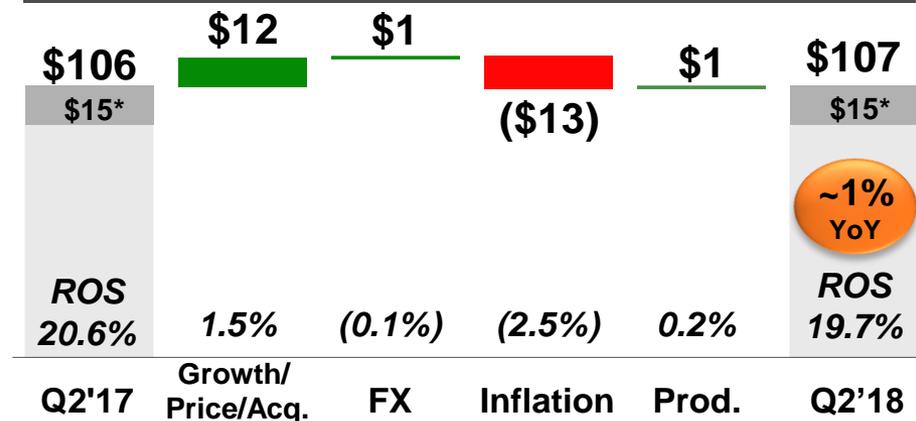
**Delivering on Our Commitments**

# Q2'18 nVent Performance

## Sales (\$ in millions)



## Segment Income (\$ in millions)



\*Non-Cash Amortization

## Financial Highlights (yoy)

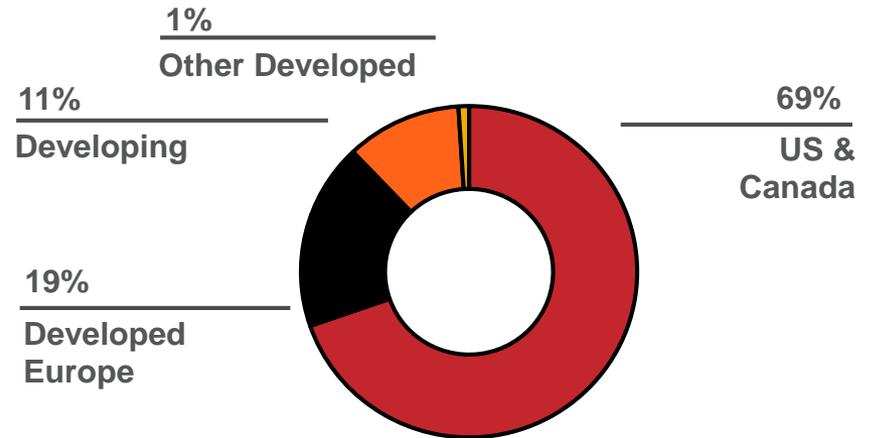
- Organic sales up 4%
  - Enclosures: Up 7%
  - Thermal Management: Down 3%
  - EFS: Up 5%
- Segment Income up 1%, up 4% excluding corporate and other costs
- ROS 19.7%
- Other Items
  - Adjusted Tax Rate of 18%
  - Net Interest Expense of ~\$9M
  - Shares of 181M
- Pro Forma Free Cash Flow \$69M year-to-date
  - Includes \$40M of separation and related costs

# A Deeper Dive Into Enclosures

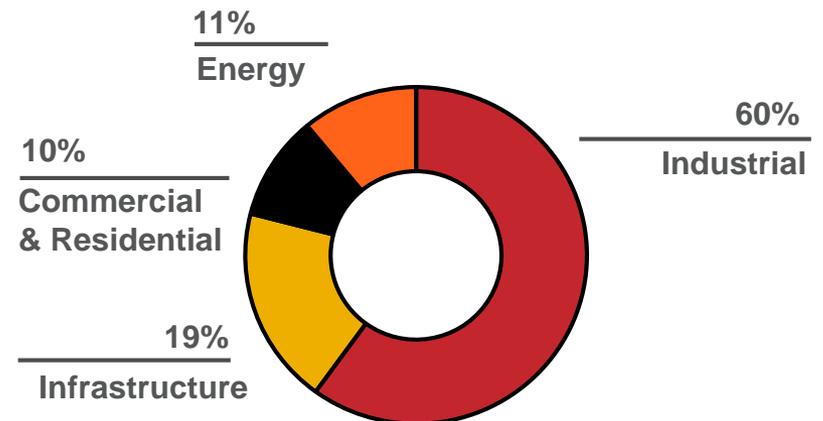
- **Connect and Protect Critical Components and Electronics**
- **A leader in North America industrial enclosures and European electronic protection**
- **One of the broadest portfolios in the industry**
- **Over 3,000 distribution points in North America and top 20 supplier to electrical distributors globally**

**HOFFMAN SCHROFF**

## Geographies\*

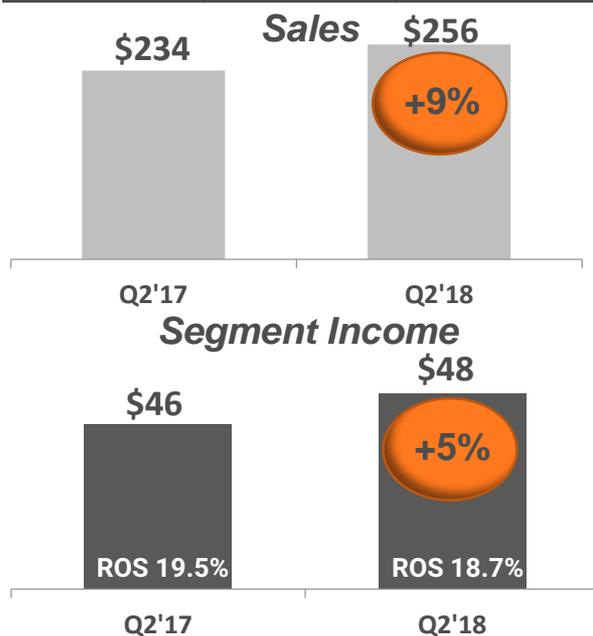


## Verticals\*



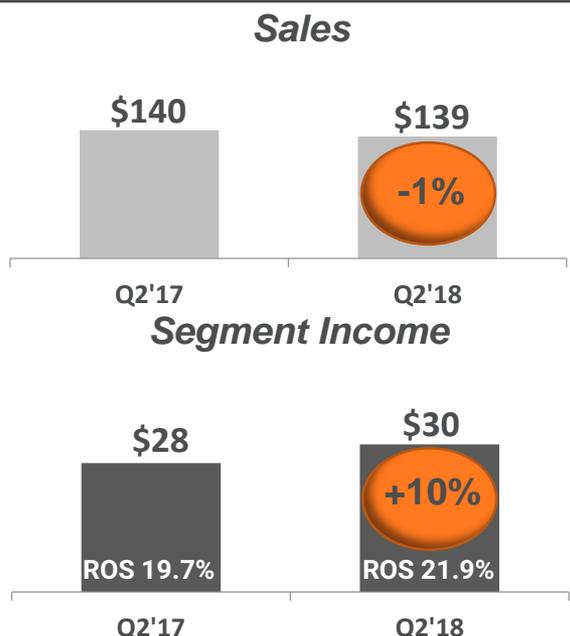
# Q2'18 Segment Performance

## Enclosures (\$ in millions)



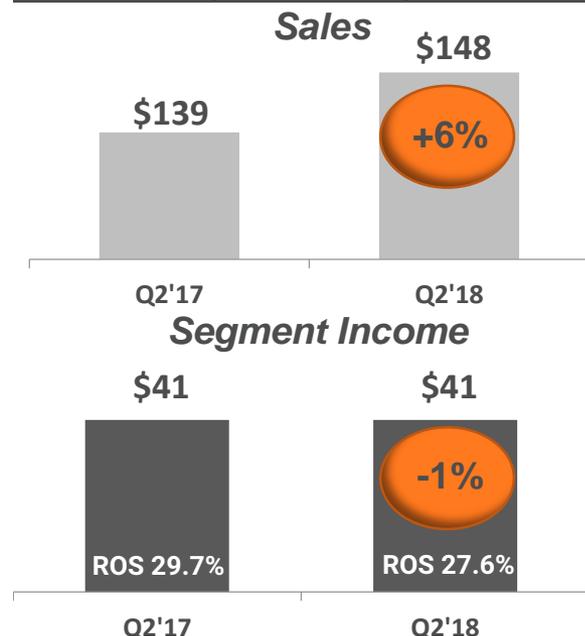
- Broad based growth in verticals and geographies
- Sequential ROS up ~270bp

## Thermal Management (\$ in millions)



- Industrial MRO and Commercial strength
- Slower recovery in longer cycle Energy
- Productivity gains

## EFS (\$ in millions)



- Strong and steady revenue growth
- Positive price/cost
- Mix impacting ROS YoY

**Solid Initial Quarter as nVent**

## Q3'18 nVent Outlook

	Q3'18 Guidance	Q3'17
Organic Sales	+2% - 4%	\$541M
ROS	19% - 21%	21.1%
EPS (reported)	\$0.37 - \$0.41	—
EPS (adjusted)	\$0.44 - \$0.48	—

### Summary

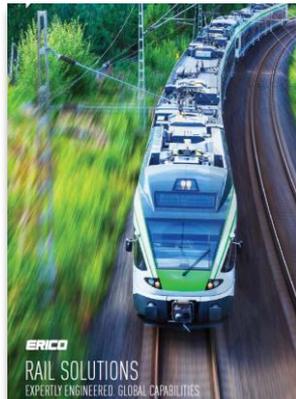
- Continued sales strength
- ROS YoY gains in Enclosures
- Actively managing price/cost

### Other Considerations

- Tax rate: ~18%
- First full quarter of Net Interest Expense: \$11M - \$12M
- Shares: ~181M

**Continuing the Growth Trend**

# Full-Year 2018 nVent Pro Forma Outlook

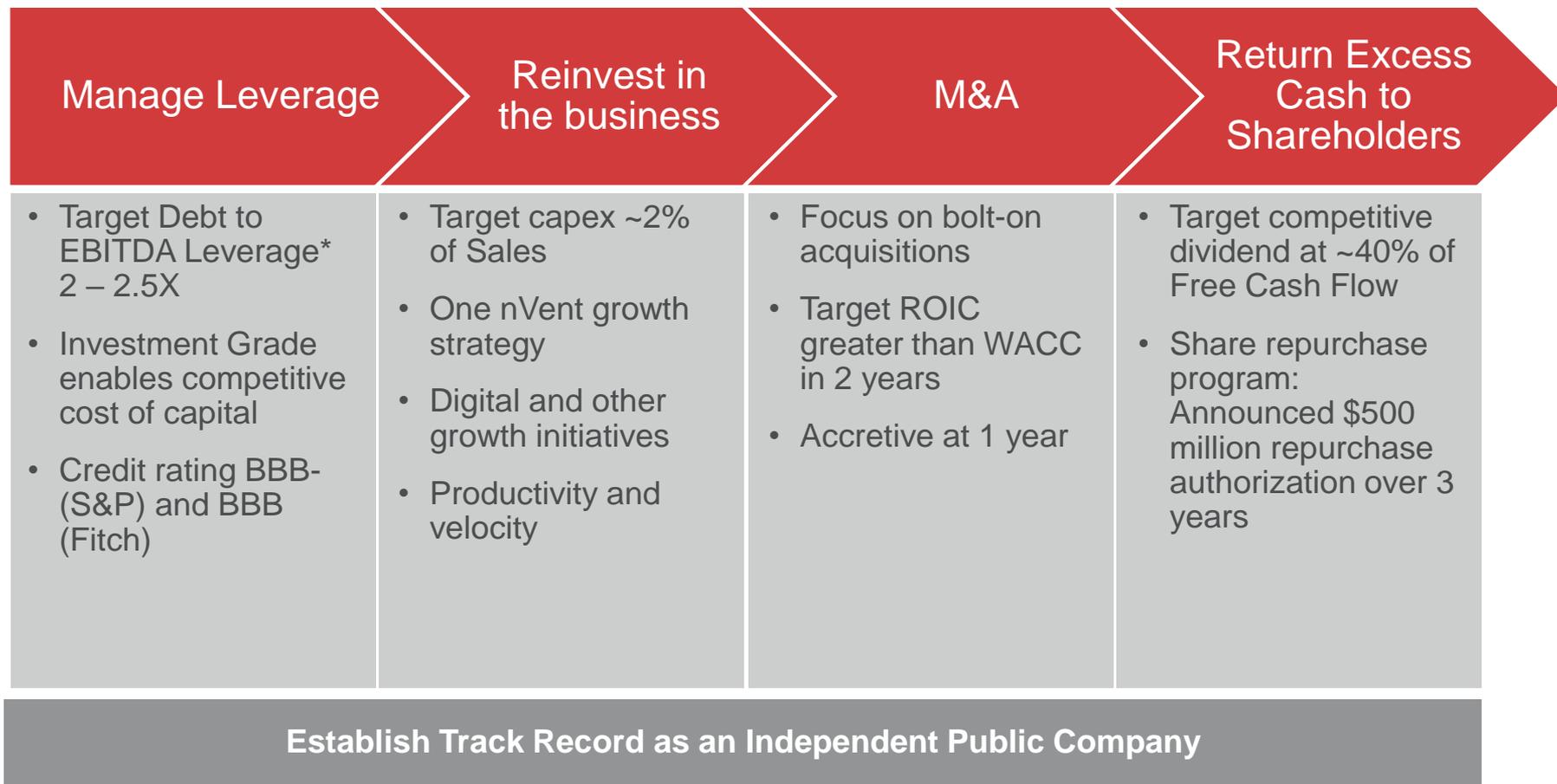
	Enclosures	Thermal Mgmt.	EFS	Total
Organic Sales	Up 3-5%	Up 0-2%	Up 2-4%	Up 2-4%
ROS	~Flat	+50-70bps	+30-50bps	~Flat
Corporate Expenses	  	~\$45M		
Net Interest Expense		~\$38M		
Tax Rate		~18%		
Reported EPS		\$1.27 - \$1.33		
Adjusted EPS		\$1.72 - \$1.78		
Shares		~181M		

## Key Considerations

- FX headwind in second half of the year
- ROS inclusive of growth investments, tariffs, inflation and FX changes
- Total D&A of ~\$100M + ~\$14M of Non-Cash Stock Compensation
- Target FCF at 100% of Adjusted Net Income
- Narrowed range of adjusted EPS, midpoint unchanged

**On Track to Deliver 2018**

# Capital Allocation Philosophy



**Disciplined, Prudent Approach to Capital Allocation**

\* Net of Cash, including operating leases and pensions

# Summary

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## We are a Leader in Connection and Protection

- We have industry leading positions in growing verticals
- We have attractive segments with differentiated growth opportunities
- We have a clear strategy and are focused on driving organic growth
- Our One nVent approach can accelerate performance
- We have 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  
excluding the effect of 2018 adjustments (Unaudited)

<i>In millions, except per-share data</i>	Actual		Forecast			
	First Quarter	Second Quarter	Third Quarter		Full Year	
Net sales	\$ 538.9	\$ 542.7	approx	\$540 - \$550	approx	\$2,160 - \$2,200
Operating income	65.6	65.3	approx	89 - 100	approx	313 - 357
% of net sales	12.2%	12.0%	approx	16% - 18%	approx	14% - 16%
Adjustments:						
Restructuring and other	2.8	2.3	approx	-	approx	5
Intangible amortization	15.4	15.2	approx	15	approx	61
Separation costs	9.7	24.8	approx	-	approx	35
Corporate allocations	-	(0.8)	approx	-	approx	-
Segment income	93.5	106.8	approx	104 - 115	approx	414 - 458
Return on sales	17.4%	19.7%	approx	19% - 21%	approx	19% - 21%
Corporate and other costs	12.3	12.4	approx	11	approx	47
Segment income excluding corporate and other costs	105.8	119.2	approx	115 - 126	approx	461 - 505
Net income - as reported	52.3	43.3	approx	68 - 75	approx	229 - 240
Interest expense adjustment - pro forma	(5.6)	-	approx	-	approx	(6)
Adjustments to operating income	27.9	41.5	approx	15	approx	101
Pension and other post-retirement mark-to-market loss	-	4.1	approx	-	approx	4
Income tax adjustments	(4.0)	(9.8)	approx	(3)	approx	(18)
Net income - pro forma adjusted	\$ 70.6	\$ 79.1	approx	\$80 - \$87	approx	\$311 - \$322
<b>Diluted earnings per ordinary share - pro forma adjusted</b>						
Diluted earnings per ordinary share - pro forma	\$ 0.29	\$ 0.24	approx	\$0.37 - \$0.41	approx	\$1.27 - \$1.33
Adjustments	0.10	0.20	approx	0.07	approx	0.45
Diluted earnings per ordinary share - pro forma adjusted	\$ 0.39	\$ 0.44	approx	\$0.44 - \$0.48	approx	\$1.72 - \$1.78
Diluted weighted average ordinary shares outstanding - pro forma	181.2	180.8	approx	181	approx	181

# Reported to Adjusted 2017 Reconciliation

nVent Electric plc  
Reconciliation of the GAAP year ended December 31, 2017 to the non-GAAP  
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	95.9	63.1	316.1
<i>% of net sales</i>	13.5%	17.4%	17.7%	11.6%	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)	(2.1)	(2.9)	(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

# 2018 Organic Sales Growth Reconciliation

nVent Electric plc  
 Reconciliation of Net Sales Growth to Organic Net Sales Growth by Segment  
 for the quarter ended March 31, 2018 and the quarter ended June 30, 2018 (Unaudited)

	Actual							
	Q1 Net Sales Growth				Q2 Net Sales Growth			
	Organic	Currency	Acq./Div.	Total	Organic	Currency	Acq./Div.	Total
<b>nVent</b>	3.1%	4.2%	—%	7.3%	3.8%	1.9%	—%	5.7%
Enclosures	8.9%	3.3%	—%	12.2%	7.5%	1.7%	—%	9.2%
Thermal Management	(4.2)%	5.9%	—%	1.7%	(3.1)%	2.5%	—%	(0.6)%
Electrical & Fastening Solutions	1.5%	3.6%	—%	5.1%	4.7%	1.7%	—%	6.4%

nVent Electric plc  
 Reconciliation of Net Sales Growth to Organic Net Sales Growth by Segment  
 for the quarter ended September 30, 2018 and the year ended December 31, 2018 (Unaudited)

	Forecast									
	Q3 Net Sales Growth				Full Year Net Sales Growth					
	Organic	Currency	Acq./Div.	Total	Organic	Currency	Acq./Div.	Total		
<b>nVent</b>	approx	2 - 4%	(2)%	—%	0 - 2%	approx	2 - 4%	1%	—%	3 - 5%
Enclosures						approx	3 - 5%	1%	—%	4 - 6%
Thermal Management						approx	0 - 2%	1%	—%	1 - 3%
Electrical & Fastening Solutions						approx	2 - 4%	1%	—%	3 - 5%

# Free Cash Flow Reconciliation

## Reconciliation of the GAAP operating activities cash flow to the non-GAAP free cash flow (Unaudited)

<i>In millions</i>	Six months ended	
	June 30, 2018	June 30, 2017
<b>Free cash flow</b>		
Net cash provided by (used for) operating activities - as reported	\$ 81.6	\$ 125.1
Interest expense - pro forma	5.6	27.4
Net cash provided by (used for) operating activities - pro forma	76.0	97.7
Capital expenditures	(9.7)	(18.9)
Proceeds from sale of property and equipment	2.3	3.9
<b>Free cash flow - pro forma</b>	<b>\$ 68.6</b>	<b>\$ 82.7</b>