

# **nVent**

## **Baird's 2019 Industrial Conference**

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**Chief Executive Officer**

November 5, 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 the ability to realize the anticipated benefits from our separation from Pentair (the "Separation"); adverse effects on our business operations or financial results; 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, including the acquisition of Eldon Holding AB ("Eldon"); 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 Annual Report on Form 10-K, 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 2019 and 2018 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, separation costs, certain acquisition related costs, 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.

# Leading Electrical Company Focused on Connection and Protection

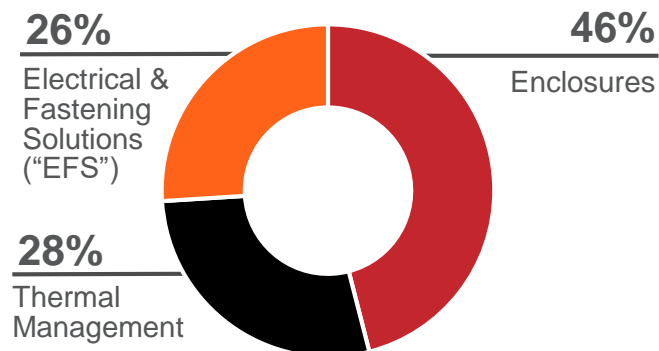
## Company Characteristics

- Industry-leading positions and strong brands
- Focused on improving utilization, lowering costs and maximizing customer uptime
- Attractive margin profile
- Strong free cash flow generation

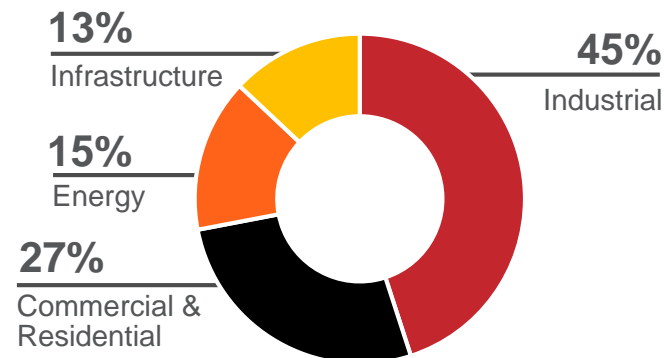
## 2018 Financials

**~\$2.2B**  
**Revenue**  
.....  
**~19%**  
**ROS**

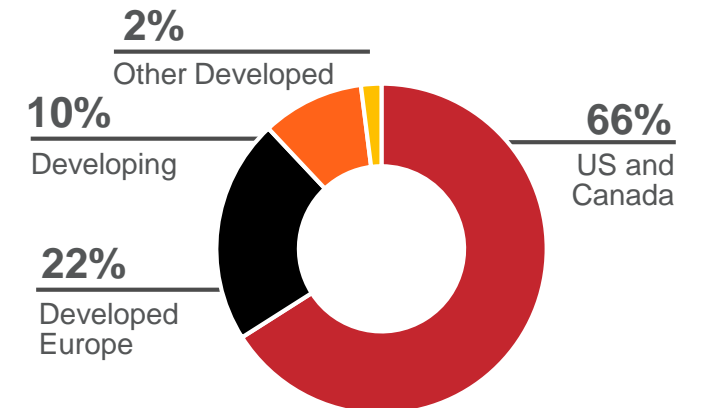
## Segments



## Verticals



## Geographies



**Diversified portfolio with strong financials**

# Our 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**



**Driving a strategy for growth and performance**

## Build Scale and Capability to Accelerate Growth and Performance



**Spark** Management System



**Channel Strategy**



**Commercial Excellence**



**Digital**



**Business Transformation & Analytics**

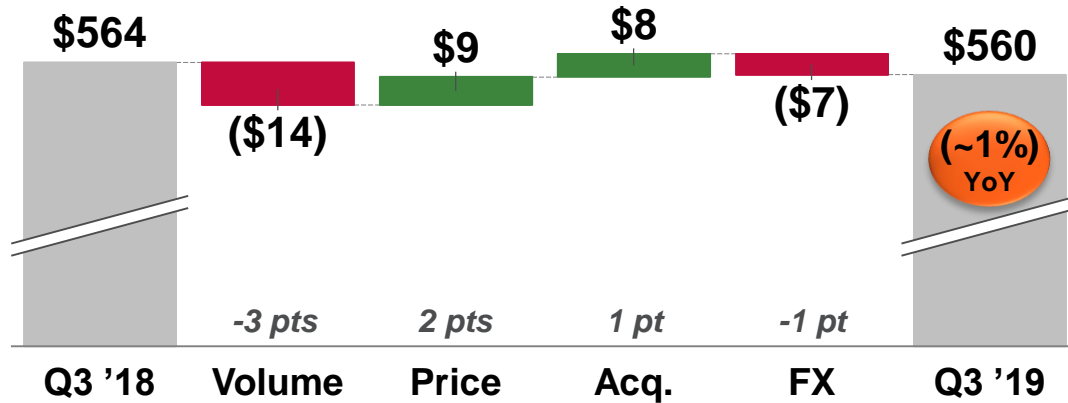


**nVent Brand**

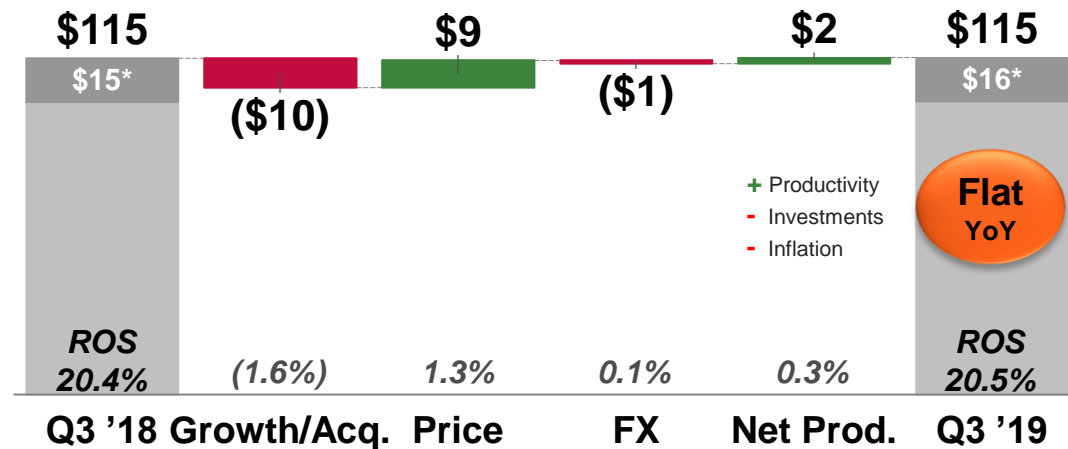
**Driving transformation with a goal to grow our business**

## Q3 '19 nVent Performance

### Sales (\$ in millions)



### Segment Income (\$ in millions)



### Financial Highlights (YoY)

- **Organic Sales down 1%**
- **Price + productivity more than offset inflation**
  - Net productivity turned positive
- **Segment Income flat**
  - Solid EFS and Enclosures performance
  - Thermal Management headwinds
- **Adjusted EPS of \$0.49**
  - Up ~7% year-over-year
- **Free Cash Flow of \$88M**
  - Expect full-year at 100% conversion of Adjusted Net Income
- **Other Items**
  - Adjusted tax rate of ~18%
  - Net interest expense of ~\$12M
  - Shares of ~170M

# Capital Deployment Strategy

Maintain Investment Grade (BBB- / BBB)



## Invest in Organic Growth

- One nVent
- Accelerate innovation and connected solutions
- Commercial excellence
- Digital



## Acquisitions

- Bolt-on acquisitions
- Fit nVent value proposition
- Product / vertical expansion
- Meets financial criteria
- Completed Eldon acquisition



## Shareholder Distributions

- Pay a competitive dividend
- Repurchase shares to offset dilution
- Repurchase shares to capture value opportunity
- Bought back ~5% of shares year-to-date

Balanced and flexible capital deployment



# Eldon Acquisition

## Overview

- ~\$90M 2018 revenue\*
- State of the art manufacturing
- Founded in 1922 in Sweden
- Headquartered in Spain
- Purchase price: \$128M



## State of the Art Manufacturing



## Rationale

### Accelerate Enclosures growth through...

- Expanded portfolio with global industry standards
- Enhanced modular solutions
- Strengthened ability to serve global customers

### Meets nVent Financial Criteria:

- ✓ EPS accretive Year 1
- ✓ ROIC > WACC in 2-3 years

## Strong IEC Product Portfolio



**Great strategic fit**



# Summary

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## We are a Leader in Connection and Protection

- Industry-leading positions in growing verticals
- Clear strategy and focused on driving organic growth
- One nVent approach generating growth
- Productivity and velocity initiatives protecting profits and enabling growth
- Consistent and strong free cash flow generation

**Building a high-performance growth company**



## Appendix and GAAP to Non-GAAP Measurements & Reconciliations



# Reported to Adjusted 2019 Reconciliation

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

	Actual			Forecast <sup>(1)</sup>	
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Full Year
<i>In millions, except per-share data</i>					
Net sales	\$ 538.0	\$ 539.5	\$ 559.8		\$ 2,210
Net income	56.4	60.9	59.9		
Provision for income taxes	9.7	13.2	13.7		
Income before income taxes	66.1	74.1	73.6		
Other expense	0.9	1.0	0.9		
Net interest expense	10.5	11.9	11.6		
Operating income	77.5	87.0	86.1		347
% of net sales	14.4%	16.1%	15.4%		15.7%
Adjustments:					
Restructuring and other	3.6	2.7	11.2		18
Acquisition transaction and integration costs	-	-	1.9		2
Intangible amortization	15.1	15.1	15.4		61
Segment income	\$ 96.2	\$ 104.8	\$ 114.6		\$ 426
Return on sales	17.9%	19.4%	20.5%		19.3%
Segment income	\$ 96.2	\$ 104.8	\$ 114.6		
Depreciation	8.4	8.8	8.9		
EBITDA - as adjusted	\$ 104.6	\$ 113.6	\$ 123.5		
Net income - as reported	\$ 56.4	\$ 60.9	\$ 59.9	\$ 63	\$ 239
Adjustments to operating income	18.7	17.8	28.5	16	81
Income tax adjustments	(5.6)	(3.3)	(4.6)	(4)	(16)
Net income - as adjusted	\$ 69.5	\$ 75.4	\$ 83.8	\$ 75	\$ 304
<b>Diluted earnings per ordinary share</b>					
Diluted earnings per ordinary share - as reported	\$ 0.32	\$ 0.35	\$ 0.35	\$0.35 - \$0.39	\$1.36 - \$1.40
Adjustments	0.07	0.09	0.14	0.07	0.38
Diluted earnings per ordinary share - as adjusted	\$ 0.39	\$ 0.44	\$ 0.49	\$0.42 - \$0.46	\$1.74 - \$1.78

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

# Reported to Adjusted 2018 Reconciliation

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

<i>In millions, except per-share data</i>	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%
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

# 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, 2019 (Unaudited)

	Actual			
	Q3 Net Sales Growth			
	Organic	Currency	Acq./Div.	Total
<b>nVent</b>	<b>(0.9%)</b>	<b>(1.2%)</b>	<b>1.4%</b>	<b>(0.7%)</b>
Enclosures	(0.8%)	(1.0%)	3.0%	1.2%
Thermal Management	(4.5%)	(1.7%)	—%	(6.2%)
Electrical & Fastening Solutions	2.9%	(1.1%)	—%	1.8%

nVent Electric plc  
Reconciliation of Net Sales Growth to Organic Net Sales Growth by Segment  
for the quarter and the year ending December 31, 2019 (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>	<b>(2) - 0%</b>	<b>(1)%</b>	<b>4%</b>	<b>1 - 3%</b>	<b>0 - 1%</b>	<b>(2)%</b>	<b>1%</b>	<b>(1) - 0%</b>
Enclosures					1%	(1)%	3%	3%
Thermal Management					(2)%	(3)%	—%	(5)%
Electrical & Fastening Solutions					2 - 3%	(2)%	—%	0 - 1%

<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	Nine months ended
	September 30, 2019	September 30, 2019
Net cash provided by (used for) operating activities	\$ 99.7	\$ 157.5
Capital expenditures	(11.4)	(29.0)
Proceeds from sale of property and equipment	-	6.1
<b>Free cash flow</b>	<b>\$ 88.3</b>	<b>\$ 134.6</b>