

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended September 30, 2021

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 001-38265

nVent Electric plc

(Exact name of Registrant as specified in its charter)

Ireland

98-1391970

(State or other jurisdiction of incorporation or organization)

(I.R.S. Employer Identification number)

The Mille, 1000 Great West Road, 8th Floor (East), London, TW8 9DW, United Kingdom

(Address of principal executive offices)

Registrant's telephone number, including area code: 44-20-3966-0279

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol	Name of each exchange on which registered
Ordinary Shares, nominal value \$0.01 per share	NVT	New York Stock Exchange

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☒ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐ Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No ☒

On September 30, 2021, 168,237,486 shares of Registrant's common stock were outstanding.

nVent Electric plc

	Page
PART I FINANCIAL INFORMATION	
ITEM 1.	Financial Statements (unaudited)
	Condensed Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) 3
	Condensed Consolidated Balance Sheets 4
	Condensed Consolidated Statements of Cash Flows 5
	Condensed Consolidated Statements of Changes in Equity 6
	Notes to Condensed Consolidated Financial Statements 8
ITEM 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations 23
ITEM 3.	Quantitative and Qualitative Disclosures about Market Risk 36
ITEM 4.	Controls and Procedures 37
PART II OTHER INFORMATION	
ITEM 1.	Legal Proceedings 38
ITEM 1A.	Risk Factors 38
ITEM 2.	Unregistered Sales of Equity Securities and Use of Proceeds 38
ITEM 6.	Exhibits 39
	Signatures 40

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

nVent Electric plc Condensed Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) (Unaudited)

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
<i>In millions, except per-share data</i>				
Net sales	\$ 642.8	\$ 509.3	\$ 1,793.0	\$ 1,477.4
Cost of goods sold	392.3	312.5	1,098.3	925.0
Gross profit	250.5	196.8	694.7	552.4
Selling, general and administrative	139.7	107.4	392.1	334.8
Research and development	13.1	10.5	36.2	33.1
Impairment of goodwill and trade names	—	220.5	—	220.5
Operating income (loss)	97.7	(141.6)	266.4	(36.0)
Net interest expense	8.2	8.5	24.4	27.8
Other expense	0.6	0.7	1.8	2.2
Income (loss) before income taxes	88.9	(150.8)	240.2	(66.0)
Provision (benefit) for income taxes	14.6	(12.1)	34.3	28.3
Net income (loss)	\$ 74.3	\$ (138.7)	\$ 205.9	\$ (94.3)
Comprehensive income (loss), net of tax				
Net income (loss)	\$ 74.3	(138.7)	205.9	(94.3)
Changes in cumulative translation adjustment	(5.1)	1.2	1.7	(15.7)
Changes in market value of derivative financial instruments, net of tax	1.5	(5.4)	10.5	6.8
Comprehensive income (loss)	\$ 70.7	\$ (142.9)	\$ 218.1	\$ (103.2)
Earnings (loss) per ordinary share				
Basic	\$ 0.44	(0.82)	1.23	(0.56)
Diluted	\$ 0.44	(0.82)	1.21	(0.56)
Weighted average ordinary shares outstanding				
Basic	168.2	170.0	168.0	169.9
Diluted	170.1	170.0	169.5	169.9
Cash dividends paid per ordinary share	\$ 0.175	\$ 0.175	\$ 0.525	\$ 0.525

See accompanying notes to condensed consolidated financial statements.

nVent Electric plc
Condensed Consolidated Balance Sheets (Unaudited)

<i>In millions, except per-share data</i>	September 30, 2021	December 31, 2020
Assets		
Current assets		
Cash and cash equivalents	\$ 46.0	\$ 122.5
Accounts and notes receivable, net of allowances of \$6.0 and \$6.2, respectively	428.5	313.8
Inventories	301.4	235.2
Other current assets	113.8	92.9
Total current assets	889.7	764.4
Property, plant and equipment, net	287.6	289.4
Other assets		
Goodwill	2,187.2	2,098.2
Intangibles, net	1,162.6	1,105.5
Other non-current assets	151.8	108.6
Total other assets	3,501.6	3,312.3
Total assets	\$ 4,678.9	\$ 4,366.1
Liabilities and Equity		
Current liabilities		
Current maturities of long-term debt and short-term borrowings	\$ 5.0	\$ 20.0
Accounts payable	227.5	171.1
Employee compensation and benefits	110.3	70.4
Other current liabilities	228.4	188.5
Total current liabilities	571.2	450.0
Other liabilities		
Long-term debt	971.5	928.0
Pension and other post-retirement compensation and benefits	227.4	237.9
Deferred tax liabilities	230.6	230.1
Other non-current liabilities	136.6	110.3
Total liabilities	2,137.3	1,956.3
Equity		
Ordinary shares \$0.01 par value, 400.0 authorized, 168.2 issued at both September 30, 2021 and December 31, 2020.	1.7	1.7
Additional paid-in capital	2,486.0	2,482.6
Retained earnings	136.9	20.7
Accumulated other comprehensive loss	(83.0)	(95.2)
Total equity	2,541.6	2,409.8
Total liabilities and equity	\$ 4,678.9	\$ 4,366.1

See accompanying notes to condensed consolidated financial statements.

nVent Electric plc
Condensed Consolidated Statements of Cash Flows (Unaudited)

<i>In millions</i>	Nine months ended	
	September 30, 2021	September 30, 2020
Operating activities		
Net income (loss)	\$ 205.9	\$ (94.3)
Adjustments to reconcile net income (loss) to net cash provided by (used for) operating activities		
Depreciation	30.0	28.8
Amortization	49.7	48.1
Deferred income taxes	(0.8)	6.2
Share-based compensation	11.4	10.0
Impairment of goodwill and trade names	—	220.5
Changes in assets and liabilities, net of effects of business acquisitions		
Accounts and notes receivable	(91.7)	7.8
Inventories	(50.4)	9.3
Other current assets	(19.3)	22.2
Accounts payable	41.7	(46.1)
Employee compensation and benefits	39.0	(3.5)
Other current liabilities	36.5	(3.4)
Other non-current assets and liabilities	6.1	(1.9)
Net cash provided by (used for) operating activities	258.1	203.7
Investing activities		
Capital expenditures	(25.2)	(25.4)
Proceeds from sale of property and equipment	0.1	1.5
Acquisitions, net of cash acquired	(235.1)	(27.0)
Net cash provided by (used for) investing activities	(260.2)	(50.9)
Financing activities		
Net receipts of revolving long-term debt	45.3	—
Proceeds from long-term debt	100.0	—
Repayments of long-term debt	(117.5)	(12.5)
Debt issuance costs	(2.3)	—
Dividends paid	(88.3)	(89.2)
Shares issued to employees, net of shares withheld	12.1	4.7
Repurchases of ordinary shares	(20.0)	(3.2)
Net cash provided by (used for) financing activities	(70.7)	(100.2)
Effect of exchange rate changes on cash and cash equivalents	(3.7)	0.8
Change in cash and cash equivalents	(76.5)	53.4
Cash and cash equivalents, beginning of period	122.5	106.4
Cash and cash equivalents, end of period	\$ 46.0	\$ 159.8

See accompanying notes to condensed consolidated financial statements.

nVent Electric plc
Condensed Consolidated Statements of Changes in Equity (Unaudited)

<i>In millions</i>	Ordinary shares		Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Total
	Number	Amount				
Balance - December 31, 2020	168.2	\$ 1.7	\$ 2,482.6	\$ 20.7	\$ (95.2)	\$ 2,409.8
Net income	—	—	—	65.4	—	65.4
Other comprehensive income (loss), net of tax	—	—	—	—	22.3	22.3
Dividends declared	—	—	—	(29.4)	—	(29.4)
Share repurchases	(0.9)	—	(20.0)	—	—	(20.0)
Exercise of options, net of shares tendered for payment	0.2	—	4.1	—	—	4.1
Issuance of restricted shares, net of cancellations	0.3	—	—	—	—	—
Shares surrendered by employees to pay taxes	(0.1)	—	(2.0)	—	—	(2.0)
Share-based compensation	—	—	(0.2)	—	—	(0.2)
Balance - March 31, 2021	167.7	\$ 1.7	\$ 2,464.5	\$ 56.7	\$ (72.9)	\$ 2,450.0
Net income	—	—	—	66.2	—	66.2
Other comprehensive income (loss), net of tax	—	—	—	—	(6.5)	(6.5)
Dividends declared	—	—	—	(30.6)	—	(30.6)
Exercise of options, net of shares tendered for payment	0.4	—	7.5	—	—	7.5
Shares surrendered by employees to pay taxes	—	—	(0.2)	—	—	(0.2)
Share-based compensation	—	—	6.4	—	—	6.4
Balance - June 30, 2021	168.1	\$ 1.7	\$ 2,478.2	\$ 92.3	\$ (79.4)	\$ 2,492.8
Net income	—	—	—	74.3	—	74.3
Other comprehensive income (loss), net of tax	—	—	—	—	(3.6)	(3.6)
Dividends declared	—	—	—	(29.7)	—	(29.7)
Exercise of options, net of shares tendered for payment	0.1	—	2.7	—	—	2.7
Share-based compensation	—	—	5.1	—	—	5.1
September 30, 2021	168.2	\$ 1.7	\$ 2,486.0	\$ 136.9	\$ (83.0)	\$ 2,541.6

<i>In millions</i>	Ordinary shares		Additional paid-in capital	Retained earnings	Accumulated other comprehensive loss	Total
	Number	Amount				
Balance - December 31, 2019	169.5	\$ 1.7	\$ 2,502.7	\$ 186.7	\$ (98.6)	2,592.5
Net income	—	—	—	18.6	—	18.6
Other comprehensive income (loss), net of tax	—	—	—	—	(6.5)	(6.5)
Dividends declared	—	—	—	(29.8)	—	(29.8)
Share repurchases	(0.2)	—	(3.2)	—	—	(3.2)
Exercise of options, net of shares tendered for payment	0.3	—	6.4	—	—	6.4
Issuance of restricted shares, net of cancellations	0.3	—	—	—	—	—
Shares surrendered by employees to pay taxes	(0.1)	—	(3.3)	—	—	(3.3)
Share-based compensation	—	—	1.9	—	—	1.9
Balance - March 31, 2020	169.8	\$ 1.7	\$ 2,504.5	\$ 175.5	\$ (105.1)	2,576.6
Net income	—	—	—	25.8	—	25.8
Other comprehensive income (loss), net of tax	—	—	—	—	1.8	1.8
Dividends declared	—	—	—	(29.8)	—	(29.8)
Exercise of options, net of shares tendered for payment	—	—	0.2	—	—	0.2
Issuance of restricted shares, net of cancellations	0.1	—	—	—	—	—
Shares surrendered by employees to pay taxes	—	—	(0.6)	—	—	(0.6)
Share-based compensation	—	—	4.2	—	—	4.2
Balance - June 30, 2020	169.9	\$ 1.7	\$ 2,508.3	\$ 171.5	\$ (103.3)	2,578.2
Net income (loss)	—	—	—	(138.7)	—	(138.7)
Other comprehensive income (loss), net of tax	—	—	—	—	(4.2)	(4.2)
Dividends declared	—	—	—	(29.8)	—	(29.8)
Exercise of options, net of shares tendered for payment	0.2	—	2.2	—	—	2.2
Shares surrendered by employees to pay taxes	—	—	(0.2)	—	—	(0.2)
Share-based compensation	—	—	5.9	—	—	5.9
September 30, 2020	170.1	\$ 1.7	\$ 2,516.2	\$ 3.0	\$ (107.5)	2,413.4

See accompanying notes to condensed consolidated financial statements.

1. Basis of Presentation and Responsibility for Interim Financial Statements

Business

nVent Electric plc ("nVent," "we," "us," "our" or the "Company") is a leading global provider of electrical connection and protection solutions. The Company is comprised of three reporting segments: Enclosures, Electrical & Fastening Solutions and Thermal Management.

The Company was incorporated in Ireland on May 30, 2017. Although our jurisdiction of organization is Ireland, we manage our affairs so that we are centrally managed and controlled in the United Kingdom (the "U.K.") and have tax residency in the U.K.

Basis of presentation

The accompanying unaudited condensed consolidated financial statements of nVent have been prepared following the requirements of the Securities and Exchange Commission ("SEC") for interim reporting. As permitted under those rules, certain footnotes or other financial information that are normally required by accounting principles generally accepted in the United States of America ("GAAP") can be condensed or omitted.

We are responsible for the unaudited condensed consolidated financial statements included in this document. The financial statements include all normal recurring adjustments that are considered necessary for the fair presentation of our financial position and operating results. As these are condensed financial statements, one should also read our consolidated and combined financial statements and notes thereto, which are included in our Annual Report on Form 10-K for the year ended December 31, 2020.

Revenues, expenses, cash flows, assets and liabilities can and do vary during each quarter of the year. Additionally, in March 2020, the World Health Organization declared novel coronavirus 2019 ("COVID-19") a pandemic. The effects of the COVID-19 pandemic have had and may continue to have an unfavorable impact on our business. The broader implication of COVID-19 on our results of operations and overall financial performance remains uncertain. We may experience reduced customer demand or constrained supply that could materially adversely impact our business, financial condition, results of operations and overall financial performance in future periods. Therefore, the results and trends in these interim financial statements may not be indicative of those for a full year.

2. Revenue

Disaggregation of revenue

We disaggregate our revenue from contracts with customers by geographic location and vertical for each of our segments, as we believe these best depict how the nature, amount, timing and uncertainty of our revenue and cash flows are affected by economic factors.

Geographic net sales information, based on geographic destination of the sale, was as follows:

Three months ended September 30, 2021					
<i>In millions</i>	Enclosures	Electrical & Fastening Solutions	Thermal Management	Total	
U.S. and Canada	\$ 216.6	\$ 119.7	\$ 75.9	\$	412.2
Developed Europe ⁽¹⁾	78.7	34.1	30.7		143.5
Developing ⁽²⁾	35.2	10.6	28.3		74.1
Other Developed ⁽³⁾	4.7	4.9	3.4		13.0
Total	\$ 335.2	\$ 169.3	\$ 138.3	\$	642.8

Nine months ended September 30, 2021					
<i>In millions</i>	Enclosures	Electrical & Fastening Solutions	Thermal Management	Total	
U.S. and Canada	\$ 585.3	\$ 341.0	\$ 208.0	\$	1,134.3
Developed Europe ⁽¹⁾	230.4	99.9	89.6		419.9
Developing ⁽²⁾	84.8	32.0	85.6		202.4
Other Developed ⁽³⁾	12.1	13.5	10.8		36.4
Total	\$ 912.6	\$ 486.4	\$ 394.0	\$	1,793.0

Three months ended September 30, 2020					
<i>In millions</i>	Enclosures	Electrical & Fastening Solutions	Thermal Management	Total	
U.S. and Canada	\$ 159.7	\$ 109.2	\$ 69.6	\$	338.5
Developed Europe ⁽¹⁾	60.4	26.3	32.0		118.7
Developing ⁽²⁾	20.9	8.2	12.2		41.3
Other Developed ⁽³⁾	3.7	4.0	3.1		10.8
Total	\$ 244.7	\$ 147.7	\$ 116.9	\$	509.3

Nine months ended September 30, 2020					
<i>In millions</i>	Enclosures	Electrical & Fastening Solutions	Thermal Management	Total	
U.S. and Canada	\$ 474.6	\$ 312.3	\$ 191.4	\$	978.3
Developed Europe ⁽¹⁾	177.8	74.9	85.6		338.3
Developing ⁽²⁾	59.9	23.2	45.5		128.6
Other Developed ⁽³⁾	10.2	11.3	10.7		32.2
Total	\$ 722.5	\$ 421.7	\$ 333.2	\$	1,477.4

⁽¹⁾ Developed Europe includes Western Europe and Eastern Europe included in European Union.

⁽²⁾ Developing includes China, Eastern Europe not included in European Union, Latin America, Middle East and Southeast Asia.

⁽³⁾ Other Developed includes Australia and Japan.

Vertical net sales information was as follows:

Three months ended September 30, 2021					
<i>In millions</i>	Enclosures	Electrical & Fastening Solutions	Thermal Management	Total	
Industrial	\$ 192.8	\$ 17.5	\$ 64.7	\$	275.0
Commercial & Residential	38.2	86.7	48.3		173.2
Infrastructure	78.8	58.1	6.0		142.9
Energy	25.4	7.0	19.3		51.7
Total	\$ 335.2	\$ 169.3	\$ 138.3	\$	642.8

Nine months ended September 30, 2021					
<i>In millions</i>	Enclosures	Electrical & Fastening Solutions	Thermal Management	Total	
Industrial	\$ 553.9	\$ 50.3	\$ 171.9	\$	776.1
Commercial & Residential	103.7	249.7	137.6		491.0
Infrastructure	187.9	166.2	16.3		370.4
Energy	67.1	20.2	68.2		155.5
Total	\$ 912.6	\$ 486.4	\$ 394.0	\$	1,793.0

Three months ended September 30, 2020					
<i>In millions</i>	Enclosures	Electrical & Fastening Solutions	Thermal Management	Total	
Industrial	\$ 148.4	\$ 14.3	\$ 52.8	\$	215.5
Commercial & Residential	28.6	77.5	42.1		148.2
Infrastructure	49.9	49.9	4.7		104.5
Energy	17.8	6.0	17.3		41.1
Total	\$ 244.7	\$ 147.7	\$ 116.9	\$	509.3

Nine months ended September 30, 2020					
<i>In millions</i>	Enclosures	Electrical & Fastening Solutions	Thermal Management	Total	
Industrial	\$ 438.7	\$ 40.4	\$ 150.7	\$	629.8
Commercial & Residential	83.9	221.1	110.7		415.7
Infrastructure	143.5	143.2	16.4		303.1
Energy	56.4	17.0	55.4		128.8
Total	\$ 722.5	\$ 421.7	\$ 333.2	\$	1,477.4

During 2021, based on benchmarking of industry peers and for purposes of how we assess performance, we determined that revenue in our power utilities, datacom and renewables sub-verticals was better aligned with the infrastructure vertical, rather than the industrial, commercial & residential and energy verticals, where it was previously reported. Further, we determined that revenue in our chemical and petrochemical sub-verticals was better aligned with the industrial vertical, rather than the energy vertical, where it was previously reported. For comparability, we have reclassified revenue for the three and nine months ended September 30, 2020 to conform to the new presentation. This reclassification of revenue by vertical had no impact on our consolidated financial results.

Contract balances

Contract assets and liabilities consisted of the following:

<i>In millions</i>	September 30, 2021		December 31, 2020		\$ Change	% Change
Contract assets	\$	45.2	\$	45.6	\$ (0.4)	(0.9 %)
Contract liabilities		18.4		11.3	7.1	62.8 %
Net contract assets	\$	26.8	\$	34.3	\$ (7.5)	(21.9 %)

The \$7.5 million decrease in net contract assets from December 31, 2020 to September 30, 2021 was primarily the result of timing of milestone payments. The majority of our contract liabilities at December 31, 2020 were recognized in revenue during the nine months ended September 30, 2021. There were no material impairment losses recognized on our contract assets for the three and nine months ended September 30, 2021 and 2020.

Remaining performance obligations

We have elected the practical expedient to disclose only the value of remaining performance obligations for contracts with an original expected length of one year or more. On September 30, 2021, we had \$41.6 million of remaining performance obligations on contracts with an original expected duration of one year or more. We expect to recognize the majority of our remaining performance obligations on these contracts within the next 12 to 18 months.

3. Restructuring

During the nine months ended September 30, 2021 and the year ended December 31, 2020, we initiated and continued execution of certain business restructuring initiatives aimed at reducing our fixed cost structure and realigning our business.

Restructuring related costs included in *Selling, general and administrative expense* in the Condensed Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) included costs for severance and other restructuring costs as follows:

<i>In millions</i>	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Severance and related costs	\$ 1.3	\$ 3.5	\$ 4.0	\$ 9.7
Other	0.6	0.8	3.0	1.9
Total restructuring costs	\$ 1.9	\$ 4.3	\$ 7.0	\$ 11.6

Other restructuring costs primarily consist of asset impairment and various contract termination costs.

Restructuring costs by reportable segment were as follows:

<i>In millions</i>	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Enclosures	\$ 1.3	\$ 0.9	\$ 4.5	\$ 5.1
Electrical & Fastening Solutions	—	0.3	0.6	0.4
Thermal Management	—	1.7	1.3	4.3
Other	0.6	1.4	0.6	1.8
Total	\$ 1.9	\$ 4.3	\$ 7.0	\$ 11.6

Activity related to accrued severance and related costs recorded in *Other current liabilities* in the Condensed Consolidated Balance Sheets is summarized as follows:

<i>In millions</i>	Nine months ended	
	September 30, 2021	September 30, 2020
Beginning balance	\$ 6.6	\$ 9.5
Costs incurred	4.0	9.7
Cash payments and other	(7.4)	(11.6)
Ending balance	\$ 3.2	\$ 7.6

4. Earnings (Loss) Per Share

Basic and diluted earnings (loss) per share were calculated as follows:

	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
<i>In millions, except per-share data</i>				
Net income (loss)	\$ 74.3	\$ (138.7)	\$ 205.9	\$ (94.3)
Weighted average ordinary shares outstanding				
Basic	168.2	170.0	168.0	169.9
Dilutive impact of stock options, restricted stock units and performance share units	1.9	—	1.5	—
Diluted	170.1	170.0	169.5	169.9
Earnings (loss) per ordinary share				
Basic earnings (loss) per ordinary share	\$ 0.44	\$ (0.82)	\$ 1.23	\$ (0.56)
Diluted earnings (loss) per ordinary share	\$ 0.44	\$ (0.82)	\$ 1.21	\$ (0.56)
Anti-dilutive stock options excluded from the calculation of diluted earnings per share	0.1	4.6	0.6	4.4

As a result of our net loss during the three and nine month periods ended September 30, 2020, 0.5 million and 0.7 million of outstanding stock options, restricted stock units and performance share units were not included in the computation of diluted earnings (loss) per share because the effect would have been anti-dilutive.

5. Acquisitions

On February 10, 2020, we acquired substantially all of the assets of WBT LLC ("WBT") for \$29.9 million in cash. The U.S. based WBT business manufactures high-quality cable tray systems and operates within our Electrical & Fastening Solutions segment.

The excess purchase price over tangible net assets and identified intangible assets acquired was allocated to goodwill in the amount of \$13.8 million, substantially all of which is expected to be deductible for income tax purposes. Identifiable intangible assets acquired included \$11.3 million of definite-lived customer relationships with an estimated useful life of 12 years.

On April 1, 2021, we acquired substantially all of the assets of Vynckier Enclosure Systems, Inc. ("Vynckier") for approximately \$27.0 million in cash. Vynckier is a U.S. based manufacturer of high-quality non-metallic enclosures that we will market as part of the nVent HOFFMAN product line within our Enclosures segment.

The excess purchase price over tangible net assets and identified intangible assets acquired has been preliminarily allocated to goodwill in the amount of \$13.5 million, substantially all of which is expected to be deductible for income tax purposes. Identifiable intangible assets acquired included \$6.1 million of definite-lived customer relationships with an estimated useful life of 11 years. The preliminary purchase price allocation is subject to further refinement and may require significant adjustments to arrive at the final purchase price allocation.

On June 30, 2021, we acquired CIS Global LLC ("CIS Global") for approximately \$202.4 million in cash. The CIS Global business is a leading provider of intelligent rack power distribution and server slides products, and will operate within our Enclosures segment. The purchase price was funded primarily through borrowings under our Revolving Credit Facility (as defined in Note 9).

The excess purchase price over tangible net assets and identified intangible assets acquired has been preliminarily allocated to goodwill in the amount of \$80.5 million, of which \$30.9 million is expected to be deductible for income tax purposes. Identifiable intangible assets acquired included \$78.0 million of definite-lived customer relationships with an estimated useful life of 16 years and \$24.5 million of developed technology with an estimated useful life of 9 years to 12 years. The preliminary purchase price allocation is subject to further refinement and may require significant adjustments to arrive at the final purchase price allocation.

The pro forma impact of these acquisitions is not material individually or in the aggregate.

6. Goodwill and Other Identifiable Intangible Assets

The changes in the carrying amount of goodwill by reportable segment were as follows:

<i>In millions</i>	December 31, 2020	Acquisitions/ divestitures	Foreign currency translation/other	September 30, 2021
Enclosures	\$ 332.1	\$ 93.9	\$ (5.4)	\$ 420.6
Electrical & Fastening Solutions	1,051.9	0.1	—	1,052.0
Thermal Management	714.2	—	0.4	714.6
Total goodwill	\$ 2,098.2	\$ 94.0	\$ (5.0)	\$ 2,187.2

Identifiable intangible assets consisted of the following:

<i>In millions</i>	September 30, 2021			December 31, 2020		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Definite-life intangibles						
Customer relationships	\$ 1,296.9	\$ (437.6)	\$ 859.3	\$ 1,214.5	\$ (389.6)	\$ 824.9
Proprietary technology and patents	40.8	(10.6)	30.2	16.3	(8.8)	7.5
Total definite-life intangibles	1,337.7	(448.2)	889.5	1,230.8	(398.4)	832.4
Indefinite-life intangibles						
Trade names	273.1	—	273.1	273.1	—	273.1
Total intangibles	\$ 1,610.8	\$ (448.2)	\$ 1,162.6	\$ 1,503.9	\$ (398.4)	\$ 1,105.5

There was no goodwill impairment expense recorded in the three and nine months ended September 30, 2021. In the three and nine months ended September 30, 2020, we recognized a pre-tax, non-cash goodwill impairment expense of \$212.3 million related to the Thermal Management reporting unit. The impairment expense is included in *Impairment of goodwill and trade names* on the Condensed Consolidated Statements of Income (Loss) and Comprehensive Income (Loss).

Identifiable intangible asset amortization expense was \$17.8 million and \$16.1 million for the three months ended September 30, 2021 and 2020, respectively, and \$49.7 million and \$48.1 million for the nine months ended September 30, 2021 and 2020, respectively.

Estimated future amortization expense for identifiable intangible assets during the remainder of 2021 and the next five years is as follows:

<i>In millions</i>	Q4					
	2021	2022	2023	2024	2025	2026
Estimated amortization expense	\$ 17.8	\$ 71.2	\$ 71.0	\$ 70.4	\$ 70.4	\$ 70.4

7. Supplemental Balance Sheet Information

<i>In millions</i>	September 30, 2021	December 31, 2020
Inventories		
Raw materials and supplies	\$ 98.3	\$ 67.3
Work-in-process	32.9	24.4
Finished goods	170.2	143.5
Total inventories	\$ 301.4	\$ 235.2
Other current assets		
Contract assets	\$ 45.2	\$ 45.6
Prepaid expenses	49.0	29.8
Prepaid income taxes	17.2	13.4
Other current assets	2.4	4.1
Total other current assets	\$ 113.8	\$ 92.9
Property, plant and equipment, net		
Land and land improvements	\$ 40.2	\$ 41.0
Buildings and leasehold improvements	184.3	185.5
Machinery and equipment	488.1	461.4
Construction in progress	24.3	30.3
Total property, plant and equipment	736.9	718.2
Accumulated depreciation and amortization	449.3	428.8
Total property, plant and equipment, net	\$ 287.6	\$ 289.4
Other non-current assets		
Deferred compensation plan assets	\$ 20.4	\$ 20.0
Lease right-of-use assets	81.6	45.6
Deferred tax assets	19.5	29.8
Other non-current assets	30.3	13.2
Total other non-current assets	\$ 151.8	\$ 108.6
Other current liabilities		
Dividends payable	\$ 30.6	\$ 29.4
Accrued rebates	69.5	40.5
Contract liabilities	18.4	11.3
Accrued taxes payable	22.4	32.8
Current lease liabilities	17.4	14.2
Other current liabilities	70.1	60.3
Total other current liabilities	\$ 228.4	\$ 188.5
Other non-current liabilities		
Income taxes payable	\$ 30.5	\$ 31.7
Deferred compensation plan liabilities	20.4	20.0
Non-current lease liabilities	68.8	35.7
Other non-current liabilities	16.9	22.9
Total other non-current liabilities	\$ 136.6	\$ 110.3

8. Derivatives and Financial Instruments

Derivative financial instruments

We are exposed to market risk related to changes in foreign currency exchange rates. To manage the volatility related to this exposure, we periodically enter into a variety of derivative financial instruments. Our objective is to reduce, where it is deemed appropriate to do so, fluctuations in earnings and cash flows associated with changes in foreign currency exchange rates. The derivative contracts contain credit risk to the extent that our bank counterparties may be unable to meet the terms of the agreements. The amount of such credit risk is generally limited to the unrealized gains, if any, in such contracts. Such risk is minimized by limiting those counterparties to major financial institutions of high credit quality.

Foreign currency contracts

We conduct business in various locations throughout the world and are subject to market risk due to changes in the value of foreign currencies. We manage our economic and transaction exposure to certain market-based risks through the use of derivative instruments. These derivative instruments primarily consist of forward foreign currency contracts used to mitigate foreign currency exposure for certain foreign currency assets and liabilities. Our objective in holding these derivatives is to reduce the volatility in net earnings and cash flows associated with changes in foreign currency rates. The majority of our foreign currency contracts have an original maturity date of less than one year. These foreign currency contracts are not designated as hedging instruments; accordingly, changes in the fair value are recorded in current period earnings.

At September 30, 2021 and December 31, 2020, we had outstanding foreign currency derivative contracts with gross notional U.S. dollar equivalent amounts of \$154.4 million and \$41.8 million, respectively. The impact of these contracts on the Condensed Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) was not material for any period presented.

Cross currency swaps

At September 30, 2021 and December 31, 2020, we had outstanding cross currency swap agreements with a combined notional amount of \$380.0 million and \$329.0 million, respectively. The agreements are accounted for as either cash flow hedges, to hedge foreign currency fluctuations on certain intercompany debt, or as net investment hedges, to manage our exposure to fluctuations in the Euro-U.S. Dollar exchange rate. At September 30, 2021 and December 31, 2020, we had deferred foreign currency gains of \$7.3 million and \$6.9 million, respectively, in *Accumulated other comprehensive loss* associated with our cross currency swap activity.

Interest rate swaps

We are also exposed to interest rate risk fluctuations in connection with the planned issuance of long-term debt. To manage the volatility related to this exposure, we may use forward starting interest rate swaps to fix a portion of the interest cost associated with anticipated future financings. In 2020, we entered into a forward starting interest rate swap to hedge the variability of cash flows attributable to changes in the benchmark swap interest rate (London Inter-Bank Offer Rate) associated with the anticipated refinancing of the 2023 Notes (as defined below). The interest rate swap contract has a notional amount of \$200.0 million. The interest rates swaps are accounted for as cash flow hedges since they hedge the risk of an increase in treasury rates for the forecasted interest payments of an anticipated fixed-rate debt issuance. At September 30, 2021 and December 31, 2020, we had deferred gains of \$12.3 million and \$2.1 million, respectively, in *Accumulated other comprehensive loss* associated with our interest rate swap activity.

Fair value of financial instruments

The following methods were used to estimate the fair values of each class of financial instruments:

- *short-term financial instruments (cash and cash equivalents, accounts and notes receivable, accounts and notes payable and variable-rate debt)* — recorded amount approximates fair value because of the short maturity period;
- *long-term fixed-rate debt, including current maturities* — fair value is based on market quotes available for issuance of debt with similar terms, which are inputs that are classified as Level 2 in the valuation hierarchy defined by the accounting guidance;
- *foreign currency contract and interest rate swap agreements* — fair values are determined through the use of models that consider various assumptions, including time value, yield curves, as well as other relevant economic measures, which are inputs that are classified as Level 2 in the valuation hierarchy defined by the accounting guidance; and

- *deferred compensation plan assets (mutual funds, common/collective trusts and cash equivalents for payment of certain non-qualified benefits for retired, terminated and active employees)* — fair value of mutual funds and cash equivalents are based on quoted market prices in active markets that are classified as Level 1 in the valuation hierarchy defined by the accounting guidance; fair value of common/collective trusts are valued at net asset value ("NAV"), which is based on the fair value of underlying securities owned by the fund divided by the number of shares outstanding.

The recorded amounts and estimated fair values of total debt, excluding unamortized issuance costs and discounts, were as follows:

<i>In millions</i>	September 30, 2021		December 31, 2020	
	Recorded Amount	Fair Value	Recorded Amount	Fair Value
Variable rate debt	\$ 179.9	\$ 179.9	\$ 152.1	\$ 152.1
Fixed rate debt	800.0	897.3	800.0	915.2
Total debt	\$ 979.9	\$ 1,077.2	\$ 952.1	\$ 1,067.3

Financial assets and liabilities measured at fair value on a recurring basis were as follows:

<i>In millions</i>	September 30, 2021				
	Level 1	Level 2	Level 3	NAV	Total
Foreign currency contract liabilities	\$ —	\$ (6.8)	\$ —	\$ —	\$ (6.8)
Foreign currency contract assets	—	3.8	—	—	3.8
Interest rate swap assets	—	12.3	—	—	12.3
Deferred compensation plan assets	15.6	—	—	4.8	20.4
Total recurring fair value measurements	\$ 15.6	\$ 9.3	\$ —	\$ 4.8	\$ 29.7

<i>In millions</i>	December 31, 2020				
	Level 1	Level 2	Level 3	NAV	Total
Foreign currency contract liabilities	\$ —	\$ (14.3)	\$ —	\$ —	\$ (14.3)
Foreign currency contract assets	—	0.9	—	—	0.9
Interest rate swap assets	—	2.1	—	—	2.1
Deferred compensation plan assets	15.6	—	—	4.4	20.0
Total recurring fair value measurements	\$ 15.6	\$ (11.3)	\$ —	\$ 4.4	\$ 8.7

9. Debt

Debt and the average interest rates on debt outstanding were as follows:

<i>In millions</i>	Average interest rate at September 30, 2021	Maturity Year	September 30, 2021	December 31, 2020
Revolving credit facility	1.333%	2026	\$ 79.9	\$ 34.6
Senior notes - fixed rate	3.950%	2023	300.0	300.0
Senior notes - fixed rate	4.550%	2028	500.0	500.0
Term loan facility	1.333%	2026	100.0	117.5
Unamortized debt issuance costs and discounts	N/A	N/A	(3.4)	(4.1)
Total debt			976.5	948.0
Less: Current maturities and short-term borrowings			(5.0)	(20.0)
Long-term debt			\$ 971.5	\$ 928.0

Senior notes

In March 2018, nVent Finance S.à r.l. ("nVent Finance" or "Subsidiary Issuer"), a 100-percent owned subsidiary of nVent, issued \$300.0 million aggregate principal amount of 3.950% senior notes due 2023 (the "2023 Notes") and \$500.0 million aggregate principal amount of 4.550% senior notes due 2028 (the "2028 Notes" and, collectively with the 2023 Notes, the "Notes"). Interest on the Notes is payable semi-annually in arrears on April 15 and October 15 of each year.

The Notes are fully and unconditionally guaranteed as to payment by nVent (the "Parent Company Guarantor"). There are no subsidiaries that guarantee the Notes. The Parent Company Guarantor is a holding company that has no independent assets or operations unrelated to its investments in consolidated subsidiaries. The Subsidiary Issuer is a holding company that has no independent assets or operations unrelated to its investments in consolidated subsidiaries and the issuance of the Notes and other external debt. The Parent Company Guarantor's principal source of cash flow, including cash flow to make payments on the Notes pursuant to the guarantees, is dividends from its subsidiaries. The Subsidiary Issuer's principal source of cash flow is interest income from its subsidiaries. None of the subsidiaries of the Parent Company Guarantor or the Subsidiary Issuer is under any direct obligation to pay or otherwise fund amounts due on the Notes or the guarantees, whether in the form of dividends, distributions, loans or other payments. In addition, there may be statutory and regulatory limitations on the payment of dividends from certain subsidiaries of the Parent Company Guarantor or the Subsidiary Issuer. If such subsidiaries are unable to transfer funds to the Parent Company Guarantor or the Subsidiary Issuer and sufficient cash or liquidity is not otherwise available, the Parent Company Guarantor or the Subsidiary Issuer may not be able to make principal and interest payments on their outstanding debt, including the Notes or the guarantees.

The Notes constitute general unsecured senior obligations of the Subsidiary Issuer and rank equally in right of payment with all existing and future unsubordinated and unsecured indebtedness and liabilities of the Subsidiary Issuer. The guarantees of the Notes by the Parent Company Guarantor constitute general unsecured obligations of the Parent Company Guarantor and rank equally in right of payment with all existing and future unsubordinated and unsecured indebtedness and liabilities of the Subsidiary Issuer. Subject to certain qualifications and exceptions, the indenture pursuant to which the Notes were issued contains covenants that, among other things, restrict nVent's, nVent Finance's and certain subsidiaries' ability to merge or consolidate with another person, create liens or engage in sale and lease-back transactions.

There are no significant restrictions on the ability of nVent to obtain funds from its subsidiaries by dividend or loan. None of the assets of nVent or its subsidiaries represents restricted net assets pursuant to the guidelines established by the SEC.

Senior credit facilities

In March 2018, the Company and its subsidiaries nVent Finance and Hoffman Schroff Holdings, Inc. entered into a credit agreement with a syndicate of banks providing for a five-year \$200.0 million senior unsecured term loan facility and a five-year \$600.0 million senior unsecured revolving credit facility.

In September 2021, the Company and its subsidiaries nVent Finance and Hoffman Schroff Holdings, Inc. entered into an amended and restated credit agreement (the "Credit Agreement") with a syndicate of banks providing for a five-year \$300.0 million senior unsecured term loan facility (the "Term Loan Facility") and a five-year \$600.0 million senior unsecured revolving credit facility (the "Revolving Credit Facility") and, together with the Term Loan Facility, the "Senior Credit

Facilities". Borrowings under the Term Loan Facility are permitted on a delayed draw basis during the first year of the five-year term of the Term Loan Facility, and borrowings under the Revolving Credit Facility are permitted from time to time during the full five-year term of the Revolving Credit Facility. The Credit Agreement amends and restates in its entirety the March 2018 credit agreement. We have the option to request to increase the Revolving Credit Facility in an aggregate amount of up to \$300.0 million, subject to customary conditions, including the commitment of the participating lenders.

Borrowings under the Senior Credit Facilities bear interest at a rate equal to an adjusted base rate, London Interbank Offered Rate ("LIBOR"), Euro Interbank Offer Rate ("EURIBOR") or Sterling Overnight Index Average ("SONIA"), plus, in each case, an applicable margin. The applicable margin will be based on, at nVent Finance's election, the Company's leverage level or public credit rating.

As of September 30, 2021, the borrowing capacity under the Term Loan Facility on a delayed draw basis was \$200.0 million, and the borrowing capacity under the Revolving Credit Facility was \$520.1 million.

Our debt agreements contain certain financial covenants, the most restrictive of which are in the Senior Credit Facilities, including that we may not permit (i) the ratio of our consolidated debt (net of our consolidated unrestricted cash in excess of \$5.0 million but not to exceed \$250.0 million) to our consolidated net income (excluding, among other things, non-cash gains and losses) before interest, taxes, depreciation, amortization and non-cash share-based compensation expense ("EBITDA") on the last day of any period of four consecutive fiscal quarters to exceed 3.75 to 1.00 and (ii) the ratio of our EBITDA to our consolidated interest expense for the same period to be less than 3.00 to 1.00. In addition, subject to certain qualifications and exceptions, the Senior Credit Facilities also contain covenants that, among other things, restrict our ability to create liens, merge or consolidate with another person, make acquisitions and incur subsidiary debt. As of September 30, 2021, we were in compliance with all financial covenants in our debt agreements, and there is no material uncertainty about our ongoing ability to meet those covenants.

Debt outstanding, excluding unamortized issuance costs and discounts, at September 30, 2021 matures on a calendar year basis as follows:

In millions	Q4							Total
	2021	2022	2023	2024	2025	2026	Thereafter	
Contractual debt obligation maturities	\$ 1.3	\$ 5.0	\$ 305.0	\$ 5.6	\$ 7.5	\$ 155.5	\$ 500.0	\$ 979.9

10. Income Taxes

The effective income tax rate for the nine months ended September 30, 2021 was 14.3%, compared to negative 42.9% for the nine months ended September 30, 2020. The liability for uncertain tax positions was \$15.8 million and \$17.1 million at September 30, 2021 and December 31, 2020, respectively. We record penalties and interest related to unrecognized tax benefits in *Provision (benefit) for income taxes* and *Net interest expense*, respectively, on the Condensed Consolidated Statements of Income (Loss) and Comprehensive Income (Loss), which is consistent with our past practices.

The 14.3% effective income tax rate reflects a one-time tax benefit of \$5.2 million related to a worthless stock deduction recorded for the nine months ended September 30, 2021.

In the nine months ended September 30, 2020, along with the goodwill impairment expense of \$212.3 million, we recorded \$21.6 million of income tax benefit associated with the proportionate share of tax deductible goodwill.

Valuation allowances are recorded to reduce the amount of deferred tax assets in jurisdictions where, based on the weight of information available to us, we determine that it is more likely than not the related tax benefits will not be realized. In the nine months ended September 30, 2020, as a result of the assessment of the available information, we established a valuation allowance of \$19.4 million on certain foreign deferred tax assets.

11. Shareholders' Equity

Share repurchases

On July 23, 2018, the Board of Directors authorized the repurchase of our ordinary shares up to a maximum dollar limit of \$500.0 million (the "2018 Authorization"). On February 19, 2019, the Board of Directors authorized the repurchase of our ordinary shares up to a maximum dollar limit of \$380.0 million (the "2019 Authorization"). The 2018 Authorization and the 2019 Authorization expired on July 23, 2021.

On May 14, 2021, the Board of Directors authorized the repurchase of our ordinary shares up to a maximum dollar limit of \$300.0 million (the "2021 Authorization"). The 2021 Authorization began on July 23, 2021 upon expiration of the 2018 Authorization and the 2019 Authorization, and expires on July 22, 2024.

During the nine months ended September 30, 2021, we repurchased 0.9 million of our ordinary shares for \$20.0 million under the 2018 Authorization. During the nine months ended September 30, 2020, we repurchased 0.2 million of our ordinary shares for \$3.2 million under the 2018 Authorization. As of September 30, 2021, we had \$300.0 million available for share repurchases under the 2021 Authorization.

Dividends payable

On September 27, 2021, the Board of Directors declared a quarterly cash dividend of \$0.175 per ordinary share payable on November 5, 2021, to shareholders of record at the close of business on October 22, 2021. The balance of dividends payable included in *Other current liabilities* on our Condensed Consolidated Balance Sheets was \$30.6 million and \$29.4 million at September 30, 2021 and December 31, 2020, respectively.

nVent Electric plc
Notes to condensed consolidated financial statements (unaudited)
12. Segment Information

We evaluate performance based on net sales and segment income and use a variety of ratios to measure performance of our reporting segments. These results are not necessarily indicative of the results of operations that would have occurred had each segment been an independent, stand-alone entity during the periods presented. Segment income represents operating income exclusive of intangible amortization, acquisition related expenses, costs of restructuring activities, impairments and other unusual non-operating items.

Financial information by reportable segment is as follows:

<i>In millions</i>	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Net sales				
Enclosures	\$ 335.2	\$ 244.7	\$ 912.6	\$ 722.5
Electrical & Fastening Solutions	169.3	147.7	486.4	421.7
Thermal Management	138.3	116.9	394.0	333.2
Total	\$ 642.8	\$ 509.3	\$ 1,793.0	\$ 1,477.4
Segment income (loss)				
Enclosures	\$ 56.4	\$ 44.0	\$ 158.9	\$ 113.1
Electrical & Fastening Solutions	48.4	40.7	136.5	108.9
Thermal Management	31.6	25.5	77.5	60.2
Other	(18.2)	(9.3)	(47.4)	(31.5)
Total	\$ 118.2	\$ 100.9	\$ 325.5	\$ 250.7

The following table presents a reconciliation of segment income to income (loss) before income taxes:

<i>In millions</i>	Three months ended		Nine months ended	
	September 30, 2021	September 30, 2020	September 30, 2021	September 30, 2020
Segment income	\$ 118.2	\$ 100.9	\$ 325.5	\$ 250.7
Impairment of goodwill	—	(212.3)	—	(212.3)
Impairment of trade names	—	(8.2)	—	(8.2)
Intangible amortization	(17.8)	(16.1)	(49.7)	(48.1)
Restructuring and other	(1.9)	(5.4)	(7.0)	(15.9)
Acquisition transaction and integration costs	(0.8)	(0.5)	(2.4)	(2.2)
Net interest expense	(8.2)	(8.5)	(24.4)	(27.8)
Other expense	(0.6)	(0.7)	(1.8)	(2.2)
Income (loss) before income taxes	\$ 88.9	\$ (150.8)	\$ 240.2	\$ (66.0)

13. Commitments and Contingencies
Warranties and guarantees

In connection with the disposition of our businesses or product lines, we may agree to indemnify purchasers for various potential liabilities relating to the sold business, such as pre-closing tax, product liability, warranty, environmental, or other obligations. The subject matter, amounts and duration of any such indemnification obligations vary for each type of liability indemnified and may vary widely from transaction to transaction.

Generally, the maximum obligation under such indemnifications is not explicitly stated and as a result, the overall amount of these obligations cannot be reasonably estimated. Historically, we have not made significant payments for these indemnifications. We believe that if we were to incur a loss in any of these matters, the loss would not have a material effect on

our financial position, results of operations or cash flows. We recognize, at the inception of a guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee.

We provide service and warranty policies on our products. Liability under service and warranty policies is based upon a review of historical warranty and service claim experience. Adjustments are made to accruals as claim data and historical experience warrant. Our liability for service and product warranties as of September 30, 2021 and December 31, 2020 was not material.

Stand-by letters of credit, bank guarantees and bonds

In the ordinary course of business, we are required to commit to bonds, letters of credit and bank guarantees that require payments to our customers for any non-performance. The outstanding face value of these instruments fluctuates with the value of our projects in process and in our backlog. In addition, we issue financial stand-by letters of credit primarily to secure our performance to third parties under self-insurance programs. As of September 30, 2021 and December 31, 2020, the outstanding value of bonds, letters of credit and bank guarantees totaled \$37.0 million and \$43.8 million, respectively.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-looking Statements

This report 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," "are confident," or words, phrases or terms of similar substance or the negative thereof, are 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, including due to the impact of the novel coronavirus 2019 ("COVID-19") pandemic and potential impairment of goodwill and trade names; 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; 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; inability to mitigate material and other cost inflation; risks related to the availability of, and cost inflation in, supply chain inputs, including labor, raw materials, commodities, packaging and transportation; 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 U.S. Securities and Exchange Commission (the "SEC"), including this Quarterly Report on Form 10-Q and ITEM 1A. of our Annual Report on Form 10-K for the year ended December 31, 2020. All forward-looking statements speak only as of the date of this report. nVent Electric plc assumes no obligation, and disclaims any obligation, to update the information contained in this report.

Overview

The terms "us," "we," "our," "the Company" or "nVent" refer to nVent Electric plc. nVent is a leading global provider of electrical connection and protection solutions. We believe our inventive electrical solutions enable safer systems and ensure a more secure world. We design, manufacture, market, install and service high performance products and solutions that connect and protect some of the world's most sensitive equipment, buildings and critical processes. We offer a comprehensive range of enclosures, electrical connections and fastening and thermal management solutions across industry-leading brands that are recognized globally for quality, reliability and innovation.

We classify our operations into business segments based primarily on types of products offered and markets served. We operate across three segments: Enclosures, Electrical & Fastening Solutions and Thermal Management, which represented approximately 51%, 27% and 22% of total revenues during the first nine months of 2021, respectively.

- **Enclosures**—The Enclosures segment provides innovative solutions to connect and protect critical controls systems, electronics, data and electrical equipment. From metallic and non-metallic enclosures to cabinets, subracks and backplanes, it offers the physical infrastructure to host, connect and protect server and network equipment, as well as indoor and outdoor protection for test and measurement and aerospace and defense applications in industrial, infrastructure, commercial and energy verticals.
- **Electrical & Fastening Solutions**—The Electrical & Fastening Solutions segment provides solutions that connect and protect electrical and mechanical systems and civil structures. Its engineered electrical and fastening products are innovative, cost efficient and time saving connections that are used across a wide range of verticals, including commercial, infrastructure, industrial and energy.
- **Thermal Management**—The Thermal Management segment provides electric thermal solutions that connect and protect critical buildings, infrastructure, industrial processes and people. Its thermal management systems include heat tracing, floor heating, fire-rated and specialty wiring, sensing and snow melting and de-icing solutions for use in industrial, commercial & residential, energy and infrastructure verticals. Its highly reliable and easy to install solutions lower total cost of ownership to building owners, facility managers, operators and end users.

On February 10, 2020, we acquired substantially all of the assets of WBT LLC ("WBT") for \$29.9 million in cash. The U.S. based WBT business manufactures high-quality cable tray systems and operates within our Electrical & Fastening Solutions segment.

On April 1, 2021, we acquired substantially all of the assets of Vynckier Enclosure Systems, Inc. ("Vynckier") for approximately \$27.0 million in cash. The U.S. based Vynckier business manufactures high-quality non-metallic enclosures that we will market as part of the nVent HOFFMAN product line within our Enclosures segment.

On June 30, 2021, we acquired CIS Global LLC ("CIS Global") for approximately \$202.4 million in cash. The CIS Global business is a leading provider of intelligent rack power distribution and server slides products, and will operate within our Enclosures segment.

COVID-19 Update

In March 2020, the World Health Organization declared COVID-19 a pandemic. The COVID-19 pandemic has resulted, and is likely to continue to result, in significant economic disruption and has adversely affected, and may continue to adversely affect, our business. Governments around the world have implemented measures to help control the spread of the virus, including business curtailments and shutdowns, isolating residents to their places of residence and restricting travel. The effects of the COVID-19 pandemic have had and may continue to have an unfavorable impact on our business.

Beginning in March 2020, we experienced significant reductions in customer demand in several end-markets across our business segments. However, economic activity in many of the end-markets in which we operate began to stabilize and recover in the second half of 2020, and continued to increase in the first three quarters of 2021. Our organic sales have increased 16% in the first nine months of 2021 as compared to the same period in the prior year.

In response to the adverse effects of the pandemic, we executed a number of temporary cash and cost-savings measures, which were largely implemented in 2020. As our business has seen continuous, sequential improvement in our financial results and improved outlook for many end-markets since the third quarter of 2020, we have eliminated many of the temporary cash and cost savings measures put in place.

While our facilities have remained operational during the first three quarters of 2021, we continue to experience various degrees of manufacturing cost pressures and inefficiencies as a result of supply chain issues and increased demand. Although we regularly monitor the financial health and operations of companies in our supply chain, and use alternative suppliers when necessary and available, supply chain constraints could cause a disruption in our ability to obtain raw materials or components required to manufacture our products and adversely affect our operations. Further, as the COVID-19 conditions have improved and economic activity has increased, we have experienced supply chain challenges, including increased lead times, as well as inflation of raw materials, logistics and labor costs due to availability constraints and high demand. We expect the inflationary trends and supply chain pressures to continue throughout the remainder of 2021 and into 2022.

We continue to actively monitor the impacts of the pandemic and global efforts to respond to it, and may take further actions that alter our business operations as may be required by governments in the jurisdictions where we operate, or that we determine are in the best interests of our employees, customers, suppliers and shareholders.

Key Trends and Uncertainties Regarding our Existing Business

The following trends and uncertainties affected our financial performance in 2020 and the first nine months of 2021 and will likely impact our results in the future:

- There are many uncertainties regarding the COVID-19 pandemic, including the anticipated duration and severity of the pandemic and the extent of worldwide social, political and economic disruption it may cause. The magnitude of the impact of the pandemic on our financial condition, liquidity and results of operations cannot be determined at this time, and ultimately will be affected by a number of evolving factors including the length of time that the pandemic continues, rates of vaccinations, the vaccines' ability to protect against variant strains of COVID-19, the pandemic's effect on the demand for our products and services and the supply chain, as well as the impact of governmental regulations imposed in response to the pandemic including potential business curtailments and shutdowns impacting our factories.
- We have identified specific product, vertical and geographic opportunities that we find attractive and continue to pursue, both within and outside the U.S. We are positioning our businesses to more effectively address these opportunities through research and development and through additional sales and marketing resources. Unless we successfully penetrate these markets, our organic sales growth will likely be limited or may decline.

- During the first nine months of 2021, we experienced supply chain challenges, including increased lead times, and inflationary increases of raw materials, logistics and labor costs due to availability constraints and high demand. While we have taken pricing actions and we strive for productivity improvements that could help offset these cost increases, we expect supply chain pressures and inflationary cost increases to continue for the remainder of 2021 and into 2022, and could negatively impact our results of operations.
- During 2020 and the first nine months of 2021, we continued execution of certain business restructuring initiatives aimed at reducing our fixed cost structure and realigning our business.

In 2021, our operating objectives include the following:

- Executing our social responsibility strategy focused on People, Products and Planet;
- Enhancing and supporting employee engagement and development;
- Achieving differentiated revenue growth through new products and solutions and expansion in higher growth verticals and key developing regions;
- Optimizing our technological capabilities to increasingly generate innovative new and connected products and advance digital transformation;
- Driving operating excellence through lean enterprise initiatives, with specific focus on sourcing and supply management, cash flow management and lean operations;
- Optimizing working capital through inventory reduction initiatives across business segments and focused actions to optimize customer and vendor payment terms; and
- Deploying capital strategically to drive growth and value creation.

CONSOLIDATED RESULTS OF OPERATIONS

The consolidated results of operations for the three months ended September 30, 2021 and 2020 were as follows:

<i>In millions</i>	Three months ended			
	September 30, 2021	September 30, 2020	\$ change	% / point change
Net sales	\$ 642.8	\$ 509.3	\$ 133.5	26.2 %
Cost of goods sold	392.3	312.5	79.8	25.5 %
Gross profit	250.5	196.8	53.7	27.3 %
<i>% of net sales</i>	39.0 %	38.6 %		0.4 pts
Selling, general and administrative	139.7	107.4	32.3	30.1 %
<i>% of net sales</i>	21.7 %	21.1 %		0.6 pts
Research and development	13.1	10.5	2.6	24.8 %
<i>% of net sales</i>	2.0 %	2.1 %		(0.1 pts)
Impairment of goodwill and trade names	—	220.5	(220.5)	N.M.
Operating income (loss)	97.7	(141.6)	239.3	169.0 %
<i>% of net sales</i>	15.2 %	(27.8 %)		43.0 pts
Net interest expense	8.2	8.5	(0.3)	N.M.
Other expense	0.6	0.7	(0.1)	N.M.
Income (loss) before income taxes	88.9	(150.8)	239.7	159.0 %
Provision (benefit) for income taxes	14.6	(12.1)	26.7	220.7 %
<i>Effective tax rate</i>	16.4 %	8.0 %		8.4 pts
Net income (loss)	74.3	(138.7)	213.0	153.6 %

N.M. Not Meaningful

The consolidated results of operations for the nine months ended September 30, 2021 and 2020 were as follows:

<i>In millions</i>	Nine months ended			
	September 30, 2021	September 30, 2020	\$ change	% / point change
Net sales	\$ 1,793.0	\$ 1,477.4	\$ 315.6	21.4 %
Cost of goods sold	1,098.3	925.0	173.3	18.7 %
Gross profit	694.7	552.4	142.3	25.8 %
<i>% of net sales</i>	38.7 %	37.4 %		1.3 pts
Selling, general and administrative	392.1	334.8	57.3	17.1 %
<i>% of net sales</i>	21.9 %	22.7 %		(0.8 pts)
Research and development	36.2	33.1	3.1	9.4 %
<i>% of net sales</i>	2.0 %	2.2 %		(0.2 pts)
Impairment of goodwill and trade names	—	220.5	(220.5)	N.M.
Operating income (loss)	266.4	(36.0)	302.4	840.0 %
<i>% of net sales</i>	14.9 %	(2.4 %)		17.3 pts
Net interest expense	24.4	27.8	(3.4)	N.M.
Other expense	1.8	2.2	(0.4)	N.M.
Income (loss) before income taxes	240.2	(66.0)	306.2	463.9 %
Provision for income taxes	34.3	28.3	6.0	21.2 %
<i>Effective tax rate</i>	14.3 %	(42.9 %)		57.2 pts
Net income (loss)	205.9	(94.3)	300.2	318.3 %

N.M. Not Meaningful

Net sales

The components of the change in consolidated net sales from the prior period were as follows:

	Three months ended September 30, 2021 over the prior year period	Nine months ended September 30, 2021 over the prior year period
Volume	10.7 %	10.9 %
Price	9.3	5.4
Organic growth	20.0	16.3
Acquisition	5.1	2.1
Currency	1.1	3.0
Total	26.2 %	21.4 %

The 26.2 and 21.4 percentage point increases in net sales in the third quarter and first nine months of 2021 from 2020, respectively, were primarily the result of:

- organic sales growth contribution of approximately 11.0% and 8.0% from our industrial business in the third quarter and first nine months of 2021 from 2020, respectively, approximately 4.0% from our commercial & residential business in both the third quarter and first nine months of 2021 from 2020, and approximately 2.5% from our infrastructure business in both the third quarter and first nine months of 2021 from 2020, which includes selective increases in selling prices;
- sales of \$26.2 and \$30.0 million in the third quarter and first nine months of 2021, respectively, as a result of the Vynckier and CIS Global acquisitions; and

- favorable foreign currency effects.

Gross profit

The 0.4 and 1.3 percentage point increases in gross profit as a percentage of net sales in the third quarter and first nine months of 2021 from 2020, respectively, were primarily the result of:

- increased sales volume resulting in increased leverage on fixed expenses in cost of goods sold;
- selective increases in selling prices to mitigate inflationary cost increases; and
- savings generated from our lean and supply management practices.

These increases were partially offset by:

- supply chain challenges, including increased lead times, and inflationary increases of raw materials, logistics and labor costs due to availability constraints and high demand compared to 2020.

Selling, general and administrative ("SG&A")

The 0.6 percentage point increase in SG&A expense as a percentage of net sales in the third quarter of 2021 from 2020 was primarily the result of:

- inflationary increases impacting our labor costs compared to 2020;
- temporary actions taken in the third quarter of 2020 to lower costs in response to the adverse effects of the COVID-19 pandemic, including reducing labor costs and limiting discretionary spending for purchased services and travel; and
- higher employee incentive compensation expense compared to 2020.

This increase was partially offset by:

- increased sales volume resulting in increased leverage on fixed operating expenses; and
- savings generated from restructuring and other lean initiatives.

The 0.8 percentage point decrease in SG&A expense as a percentage of net sales in the first nine months of 2021 from 2020, was primarily the result of:

- increased sales volume resulting in increased leverage on fixed operating expenses; and
- savings generated from restructuring and other lean initiatives.

This decrease was partially offset by:

- inflationary increases impacting our labor costs compared to 2020;
- temporary actions taken in the second and third quarters of 2020 to lower costs in response to the adverse effects of the COVID-19 pandemic, including reducing labor costs and limiting discretionary spending for purchased services and travel; and
- higher employee incentive compensation expense compared to 2020.

Impairment of goodwill and trade names

During the third quarter of 2020, as a result of the adverse market and economic conditions attributed to the COVID-19 pandemic, combined with significant volatility in oil and gas prices leading to a potential sustained downturn in the energy industry, we recognized pre-tax, non-cash impairment expense of \$220.5 million, which primarily relates to a \$212.3 million impairment of goodwill in the Thermal Management reporting unit. During the third quarter of 2020, we also recognized pre-tax, non-cash impairment expense of \$8.2 million related to trade names.

Provision (benefit) for income taxes

The differences in the effective tax rates in the third quarter and first nine months of 2021 from 2020, respectively, were primarily the result of:

- a \$21.6 million tax benefit from favorable deferred tax adjustments related to the impairment of goodwill during the third quarter of 2020;

- a \$19.4 million non-cash charge related to the establishment of a valuation allowance on certain foreign deferred tax assets recorded in the first nine months of 2020; and
- a \$5.2 million one-time benefit recorded in the first nine months of 2021 to reflect an anticipated worthless stock deduction on an investment in a foreign subsidiary.

SEGMENT RESULTS OF OPERATIONS

The summary that follows provides a discussion of the results of operations of each of our three reportable segments (Enclosures, Electrical & Fastening Solutions and Thermal Management). Each of these segments comprises various product offerings that serve multiple end users.

We evaluate performance based on sales and segment income and use a variety of ratios to measure performance of our reporting segments. Segment income represents operating income (loss) exclusive of intangible amortization, acquisition related expenses, costs of restructuring activities, impairments and other unusual non-operating items.

Enclosures

The net sales, segment income and segment income as a percentage of net sales for Enclosures were as follows:

<i>In millions</i>	Three months ended			Nine months ended		
	September 30, 2021	September 30, 2020	% / point change	September 30, 2021	September 30, 2020	% / point change
Net sales	\$ 335.2	\$ 244.7	37.0 %	\$ 912.6	\$ 722.5	26.3 %
Segment income	56.4	44.0	28.2 %	158.9	113.1	40.5 %
<i>% of net sales</i>	<i>16.8 %</i>	<i>18.0 %</i>	<i>(1.2 pts)</i>	<i>17.4 %</i>	<i>15.7 %</i>	<i>1.7 pts</i>

Net sales

The components of the change in Enclosures net sales from the prior period were as follows:

	Three months ended September 30, 2021 over the prior year period	Nine months ended September 30, 2021 over the prior year period
Volume	16.1 %	14.0 %
Price	9.3	5.7
Organic growth	25.4	19.7
Acquisition	10.7	4.1
Currency	0.9	2.5
Total	37.0 %	26.3 %

The 37.0 and 26.3 percentage point increases in Enclosures net sales in the third quarter and first nine months of 2021 from 2020, respectively, were primarily the result of:

- organic sales growth contribution of approximately 17.5% and 13.5% from our industrial business in the third quarter and first nine months of 2021 from 2020, respectively, approximately 3.0% and 2.0% from our commercial and residential business in the third quarter and first nine months of 2021 from 2020, respectively, approximately 3.0% from our energy business in the third quarter of 2021 from 2020, and approximately 2.5% from our infrastructure business in the first nine months of 2021 from 2020, which includes selective increases in selling prices;
- sales of \$26.2 and \$30.0 million in the third quarter and first nine months of 2021, respectively, as a result of the Vynckier and CIS Global acquisitions; and
- favorable foreign currency effects.

Segment income

The components of the change in Enclosures segment income as a percentage of net sales from the prior period were as follows:

	Three months ended September 30, 2021 over the prior year period	Nine months ended September 30, 2021 over the prior year period
Growth/acquisition	4.0 pts	2.6 pts
Price	7.0	4.5
Currency	(0.6)	(0.4)
Net productivity	(11.6)	(5.0)
Total	(1.2 pts)	1.7 pts

The 1.2 percentage point decrease in segment income for Enclosures as a percentage of net sales in the third quarter of 2021 from 2020 was primarily the result of:

- supply chain challenges, including increased lead times, and inflationary increases of raw materials, logistics and labor costs due to availability constraints and high demand compared to 2020;
- temporary actions taken in the third quarter of 2020 to lower costs in response to the adverse effects of the COVID-19 pandemic, including reducing labor costs and limiting discretionary spending for purchased services and travel; and
- higher sales volume resulting in increased employee incentive compensation expense compared to 2020.

This decrease was partially offset by:

- selective increases in selling prices to mitigate inflationary cost increases; and
- higher sales volume resulting in increased leverage on fixed expenses.

The 1.7 percentage point increase in segment income for Enclosures as a percentage of net sales in the first nine months of 2021 from 2020 was primarily the result of:

- selective increases in selling prices to mitigate inflationary cost increases; and
- higher sales volume resulting in increased leverage on fixed expenses.

This increase was partially offset by:

- supply chain challenges, including increased lead times, and inflationary increases of raw materials, logistics and labor costs due to availability constraints and high demand compared to 2020;
- temporary actions taken in the second and third quarters of 2020 to lower costs in response to the adverse effects of the COVID-19 pandemic, including reducing labor costs and limiting discretionary spending for purchased services and travel; and
- higher sales volume resulting in increased employee incentive compensation expense compared to 2020.

Electrical & Fastening Solutions

The net sales, segment income and segment income as a percentage of net sales for Electrical & Fastening Solutions were as follows:

In millions	Three months ended			% / point change	Nine months ended			% / point change
	September 30, 2021	September 30, 2020			September 30, 2021	September 30, 2020		
Net sales	\$ 169.3	\$ 147.7		14.6 %	\$ 486.4	\$ 421.7		15.3 %
Segment income	48.4	40.7		19.0 %	136.5	108.9		25.3 %
% of net sales	28.6 %	27.6 %		1.0 pts	28.1 %	25.8 %		2.3 pts

Net sales

The components of the change in Electrical & Fastening Solutions net sales from the prior period were as follows:

	Three months ended September 30, 2021 over the prior year period	Nine months ended September 30, 2021 over the prior year period
Volume	0.4 %	5.1 %
Price	13.4	7.6
Organic growth	13.8	12.7
Acquisition	—	0.4
Currency	0.8	2.2
Total	14.6 %	15.3 %

The 14.6 and 15.3 percentage point increases in Electrical & Fastening Solutions net sales in the third quarter and first nine months of 2021 from 2020, respectively, were primarily the result of:

- organic sales growth contribution of approximately 6.0% and 5.5% from our commercial & residential business in the third quarter and first nine months of 2021 from 2020, respectively, approximately 5.5% and 4.5% from our infrastructure business in the third quarter and first nine months of 2021 from 2020, respectively, and approximately 2.0% and 1.5% from our industrial business in the third quarter and first nine months of 2021 from 2020, respectively, which includes selective increases in selling prices; and
- favorable foreign currency effects.

Segment income

The components of the change in Electrical & Fastening Solutions segment income as a percentage of net sales from the prior period were as follows:

	Three months ended September 30, 2021 over the prior year period	Nine months ended September 30, 2021 over the prior year period
Growth/acquisition	1.1 pts	0.5 pts
Price	8.6	5.2
Currency	—	0.1
Net productivity	(8.7)	(3.5)
Total	1.0 pts	2.3 pts

The 1.0 and 2.3 percentage point increases in segment income for Electrical & Fastening Solutions as a percentage of net sales in the third quarter and first nine months of 2021 from 2020, respectively, were primarily the result of:

- selective increases in selling prices to mitigate inflationary cost increases;
- higher sales volume resulting in increased leverage on fixed expenses; and
- savings generated from restructuring and lean initiatives.

These increases were partially offset by:

- supply chain challenges, including increased lead times, and inflationary increases of raw materials, logistics and labor costs due to availability constraints and high demand compared to 2020;
- temporary actions taken in the second and third quarters of 2020 to lower costs in response to the adverse effects of the COVID-19 pandemic, including reducing labor costs and limiting discretionary spending for purchased services and travel; and
- higher sales volume resulting in increased employee incentive compensation expense compared to 2020.

Thermal Management

The net sales, segment income and segment income as a percentage of net sales for Thermal Management were as follows:

<i>In millions</i>	Three months ended			Nine months ended		
	September 30, 2021	September 30, 2020	% / point change	September 30, 2021	September 30, 2020	% / point change
Net sales	\$ 138.3	\$ 116.9	18.3 %	\$ 394.0	\$ 333.2	18.2 %
Segment income	31.6	25.5	23.9 %	77.5	60.2	28.7 %
% of net sales	22.8 %	21.8 %	1.0 pts	19.7 %	18.1 %	1.6 pts

Net sales

The components of the change in Thermal Management net sales from the prior period were as follows:

	Three months ended September 30, 2021 over the prior year period	Nine months ended September 30, 2021 over the prior year period
Volume	12.3 %	11.6 %
Price	4.1	2.3
Organic growth	16.4	13.9
Currency	1.9	4.3
Total	18.3 %	18.2 %

The 18.3 and 18.2 percentage point increases in Thermal Management net sales in the third quarter and first nine months of 2021 from 2020, respectively, were primarily the result of:

- organic sales growth contribution of approximately 9.5% and 5.0% from our industrial business in the third quarter and first nine months of 2021 from 2020, respectively, approximately 4.5% and 6.5% from our commercial & residential business in the third quarter and first nine months of 2021 from 2020, respectively, and approximately 1.5% and 2.5% from our energy business in the third quarter and first nine months of 2021 from 2020, respectively, which includes selective increases in selling prices;
- favorable foreign currency effects.

Segment income

The components of the change in Thermal Management segment income as a percentage of net sales from the prior period were as follows:

	Three months ended September 30, 2021 over the prior year period	Nine months ended September 30, 2021 over the prior year period
Growth	4.3 pts	2.4 pts
Price	3.1	1.8
Currency	(0.1)	0.2
Net productivity	(6.3)	(2.8)
Total	1.0 pts	1.6 pts

The 1.0 and 1.6 percentage point increases in segment income for Thermal Management as a percentage of net sales in the third quarter and first nine months of 2021 from 2020, respectively, were primarily the result of:

- higher sales volume resulting in increased leverage on fixed expenses;
- selective increases in selling prices to mitigate inflationary cost increases; and
- savings generated from restructuring and lean initiatives.

These increases were partially offset by:

- supply chain challenges, including increased lead times, and inflationary increases of raw materials, logistics and labor costs due to availability constraints and high demand compared to 2020;

- temporary actions taken in the second and third quarters of 2020 to lower costs in response to the adverse effects of the COVID-19 pandemic, including reducing labor costs and limiting discretionary spending for purchased services and travel; and
- higher sales volume resulting in increased employee incentive compensation expense compared to 2020.

LIQUIDITY AND CAPITAL RESOURCES

The primary source of liquidity for our business is cash flows provided by operations. We expect to continue to have cash requirements to support working capital needs and capital expenditures, to pay interest and service debt and to pay dividends to shareholders quarterly. We believe we have the ability and sufficient capacity to meet these cash requirements by using available cash, internally generated funds and borrowing under committed credit facilities. We are focused on increasing our cash flow, while continuing to fund our research and development, sales and marketing and capital investment initiatives. Our intent is to maintain investment grade metrics and a solid liquidity position. As of September 30, 2021, we had \$46.0 million of cash on hand, of which only \$15.9 million is held in certain countries in which the ability to repatriate is limited due to local regulations or significant potential tax consequences.

We experience seasonal cash flows primarily due to increased demand for Electrical & Fastening Solutions products during the spring and summer months in the Northern Hemisphere and increased demand for Thermal Management products and services during the fall and winter months in the Northern Hemisphere.

Operating activities

Net cash provided by operating activities was \$258.1 million in the first nine months of 2021, compared to net cash provided by operating activities of \$203.7 million in the first nine months of 2020. Net cash provided by operating activities in the first nine months of 2021 primarily reflects net income of \$285.6 million, net of non-cash depreciation and amortization, partially offset by a \$44.2 million increase in working capital.

Investing activities

Net cash used for investing activities of \$260.2 million in the first nine months of 2021 relates primarily to capital expenditures of \$25.2 million and cash paid for Vynckier and CIS Global acquisitions of \$228.0 million, net of cash acquired.

Net cash used for investing activities of \$50.9 million in the first nine months of 2020 relates primarily to capital expenditures of \$25.4 million and cash paid for the WBT acquisition of \$27.0 million.

Financing activities

Net cash used by financing activities of \$70.7 million in the first nine months of 2021 primarily relates to repayments of long-term debt of \$117.5 million, dividends paid of \$88.3 million and share repurchases of \$20.0 million, offset by proceeds of long-term debt of \$100.0 million and net receipts of revolving credit facility of \$45.3 million.

Net cash used for financing activities of \$100.2 million in the first nine months of 2020 primarily relates dividends paid of \$89.2 million and repayments of long-term debt of \$12.5 million.

Senior notes

In March 2018, nVent Finance S.à r.l. ("nVent Finance" or "Subsidiary Issuer"), a 100-percent owned subsidiary of nVent, issued \$300.0 million aggregate principal amount of 3.950% senior notes due 2023 (the "2023 Notes") and \$500.0 million aggregate principal amount of 4.550% senior notes due 2028 (the "2028 Notes" and, collectively with the 2023 Notes, the "Notes"). Interest on the Notes is payable semi-annually in arrears on April 15 and October 15 of each year.

The Notes are fully and unconditionally guaranteed as to payment by nVent (the "Parent Company Guarantor"). There are no subsidiaries that guarantee the Notes. The Parent Company Guarantor is a holding company that has no independent assets or operations unrelated to its investments in consolidated subsidiaries. The Subsidiary Issuer is a holding company that has no independent assets or operations unrelated to its investments in consolidated subsidiaries and the issuance of the Notes and other external debt. The Parent Company Guarantor's principal source of cash flow, including cash flow to make payments on the Notes pursuant to the guarantees, is dividends from its subsidiaries. The Subsidiary Issuer's principal source of cash flow is interest income from its subsidiaries. None of the subsidiaries of the Parent Company Guarantor or the Subsidiary Issuer is under any direct obligation to pay or otherwise fund amounts due on the Notes or the guarantees, whether in the form of dividends, distributions, loans or other payments. In addition, there may be statutory and regulatory limitations on the payment of dividends from certain subsidiaries of the Parent Company Guarantor or the Subsidiary Issuer. If such subsidiaries are unable to transfer funds to the Parent Company Guarantor or the Subsidiary Issuer and sufficient cash or liquidity is not otherwise available, the Parent Company Guarantor or the Subsidiary Issuer may not be able to make principal and interest payments on their outstanding debt, including the Notes or the guarantees.

The Notes constitute general unsecured senior obligations of the Subsidiary Issuer and rank equally in right of payment with all existing and future unsubordinated and unsecured indebtedness and liabilities of the Subsidiary Issuer. The guarantees of the Notes by the Parent Company Guarantor constitute general unsecured obligations of the Parent Company Guarantor and rank equally in right of payment with all existing and future unsubordinated and unsecured indebtedness and liabilities of the Subsidiary Issuer. Subject to certain qualifications and exceptions, the indenture pursuant to which the Notes were issued contains covenants that, among other things, restrict nVent's, nVent Finance's and certain subsidiaries' ability to merge or consolidate with another person, create liens or engage in sale and lease-back transactions.

There are no significant restrictions on the ability of nVent to obtain funds from its subsidiaries by dividend or loan. None of the assets of nVent or its subsidiaries represents restricted net assets pursuant to the guidelines established by the SEC.

Senior credit facilities

In March 2018, the Company and its subsidiaries nVent Finance and Hoffman Schroff Holdings, Inc. entered into a credit agreement with a syndicate of banks providing for a five-year \$200.0 million senior unsecured term loan facility and a five-year \$600.0 million senior unsecured revolving credit facility.

In September 2021, the Company and its subsidiaries nVent Finance and Hoffman Schroff Holdings, Inc. entered into an amended and restated credit agreement (the "Credit Agreement") with a syndicate of banks providing for a five-year \$300.0 million senior unsecured term loan facility (the "Term Loan Facility") and a five-year \$600.0 million senior unsecured revolving credit facility (the "Revolving Credit Facility") and, together with the Term Loan Facility, the "Senior Credit Facilities". Borrowings under the Term Loan Facility are permitted on a delayed draw basis during the first year of the five-year term of the Term Loan Facility, and borrowings under the Revolving Credit Facility are permitted from time to time during the full five-year term of the Revolving Credit Facility. The Credit Agreement amends and restates in its entirety the March 2018 credit agreement. We have the option to request to increase the Revolving Credit Facility in an aggregate amount of up to \$300.0 million, subject to customary conditions, including the commitment of the participating lenders.

Borrowings under the Senior Credit Facilities bear interest at a rate equal to an adjusted base rate, London Interbank Offered Rate ("LIBOR"), Euro Interbank Offer Rate ("EURIBOR") or Sterling Overnight Index Average ("SONIA"), plus, in each case, an applicable margin. The applicable margin will be based on, at nVent Finance's election, the Company's leverage level or public credit rating.

As of September 30, 2021, the borrowing capacity under the Term Loan Facility on a delayed draw basis was \$200.0 million, and the borrowing capacity under the Revolving Credit Facility was \$520.1 million.

Our debt agreements contain certain financial covenants, the most restrictive of which are in the Senior Credit Facilities, including that we may not permit (i) the ratio of our consolidated debt (net of our consolidated unrestricted cash in excess of \$5.0 million but not to exceed \$250.0 million) to our consolidated net income (excluding, among other things, non-cash gains and losses) before interest, taxes, depreciation, amortization and non-cash share-based compensation expense ("EBITDA") on the last day of any period of four consecutive fiscal quarters to exceed 3.75 to 1.00 and (ii) the ratio of our EBITDA to our consolidated interest expense for the same period to be less than 3.00 to 1.00. In addition, subject to certain qualifications and exceptions, the Senior Credit Facilities also contain covenants that, among other things, restrict our ability to create liens, merge or consolidate with another person, make acquisitions and incur subsidiary debt. As of September 30, 2021, we were in compliance with all financial covenants in our debt agreements, and there is no material uncertainty about our ongoing ability to meet those covenants.

Share repurchases

On July 23, 2018, the Board of Directors authorized the repurchase of our ordinary shares up to a maximum dollar limit of \$500.0 million (the "2018 Authorization"). On February 19, 2019, the Board of Directors authorized the repurchase of our ordinary shares up to a maximum dollar limit of \$380.0 million (the "2019 Authorization"). The 2018 Authorization and the 2019 Authorization expired on July 23, 2021.

On May 14, 2021, the Board of Directors authorized the repurchase of our ordinary shares up to a maximum dollar limit of \$300.0 million (the "2021 Authorization"). The 2021 Authorization began on July 23, 2021 upon expiration of the 2018 Authorization and the 2019 Authorization, and expires on July 22, 2024.

During the nine months ended September 30, 2021, we repurchased 0.9 million of our ordinary shares for \$20.0 million under the 2018 Authorization. During the nine months ended September 30, 2020, we purchased 0.2 million of our ordinary shares for \$3.2 million under the 2018 Authorization. As of September 30, 2021, we had \$300.0 million available for share repurchases under the 2021 Authorization.

Dividends

During the nine months ended September 30, 2021, we paid dividends of \$88.3 million, or \$0.525 per ordinary share. During the nine months ended September 30, 2020, we paid dividends of \$89.2 million, or \$0.525 per ordinary share.

On September 27, 2021, the Board of Directors declared a quarterly cash dividend of \$0.175 per ordinary share payable on November 5, 2021, to shareholders of record at the close of business on October 22, 2021. The balance of dividends payable included in *Other current liabilities* on our Condensed Consolidated Balance Sheets was \$30.6 million and \$29.4 million at September 30, 2021 and December 31, 2020, respectively.

Other financial measures

In addition to measuring our cash flow generation or usage based upon operating, investing and financing classifications included in the Condensed Consolidated Statements of Cash Flows, we also measure our free cash flow. Free cash flow is a non-GAAP financial measure that we use to assess our cash flow performance. We believe free cash flow is an important measure of liquidity because it provides us and our investors a measurement of cash generated from operations that is available to pay dividends, make acquisitions, repay debt and repurchase shares. In addition, free cash flow is used as a criterion to measure and pay annual incentive compensation. Our measure of free cash flow may not be comparable to similarly titled measures reported by other companies. The following table is a reconciliation of free cash flow:

	Nine months ended	
	September 30, 2021	September 30, 2020
<i>In millions</i>		
Net cash provided by (used for) operating activities	\$ 258.1	\$ 203.7
Capital expenditures	(25.2)	(25.4)
Proceeds from sale of property and equipment	0.1	1.5
Free cash flow	\$ 233.0	\$ 179.8

CRITICAL ACCOUNTING POLICIES

We have adopted various accounting policies to prepare the consolidated financial statements in accordance with GAAP. Certain of our accounting policies require the application of significant judgment by management in selecting the appropriate assumptions for calculating financial estimates. In our 2020 Annual Report on Form 10-K, we identified the critical accounting policies which affect our more significant estimates and assumptions used in preparing our consolidated and combined financial statements.

There have been no material changes to our critical accounting policies and estimates from those previously disclosed in our 2020 Annual Report on Form 10-K for the year ended December 31, 2020.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our market risk during the quarter ended September 30, 2021. For additional information, refer to our 2020 Annual Report on Form 10-K for the year ended December 31, 2020.

ITEM 4. CONTROLS AND PROCEDURES

(a) Evaluation of Disclosure Controls and Procedures

We maintain a system of disclosure controls and procedures designed to provide reasonable assurance as to the reliability of our published financial statements and other disclosures included in this report. Our management evaluated, with the participation of our Chief Executive Officer and our Chief Financial Officer, the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the quarter ended September 30, 2021 pursuant to Rule 13a-15(b) of the Securities Exchange Act of 1934 (the "Exchange Act"). Based upon their evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective, at the reasonable assurance level, as of the end of the quarter ended September 30, 2021 to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms, and to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosures.

(b) Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting that occurred during the quarter ended September 30, 2021 that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

There have been no material developments with respect to the legal proceedings previously disclosed in Item 3 of our 2020 Annual Report on Form 10-K for the year ended December 31, 2020.

ITEM 1A. RISK FACTORS

There have been no additional material changes from the risk factors previously disclosed in our 2020 Annual Report on Form 10-K for the year ended December 31, 2020.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table provides information with respect to purchases we made of our ordinary shares during the third quarter of 2021:

	(a)	(b)	(c)	(d)
Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Dollar value of shares that may yet be purchased under the plans or programs
July 1 - July 31, 2021	80	\$ 30.29		\$ 300,000,000
August 1 - August 28, 2021	245	33.04		300,000,000
August 29 - September 30, 2021	1,605	33.08		300,000,000
Total	1,930		—	

- (a) The purchases in this column include shares repurchased as part of our publicly announced plans and shares deemed surrendered to us by participants in the nVent Electric plc 2018 Omnibus Incentive Plan (the "2018 Plan") and earlier Pentair stock incentive plans that are now outstanding under the 2018 Plan (collectively the "Plans") to satisfy the exercise price or withholding of tax obligations related to the exercise of stock options, vesting of restricted shares and vesting of performance shares.
- (b) The average price paid in this column includes shares repurchased as part of our publicly announced plans and shares deemed surrendered to us by participants in the Plans to satisfy the exercise price of stock options and withholding tax obligations due upon stock option exercises and vesting of restricted and performance shares.
- (c) The number of shares in this column represents the number of shares repurchased as part of our publicly announced plans to repurchase our ordinary shares up to a maximum dollar limit authorized by the Board of Directors, discussed below.
- (d) On July 23, 2018, our Board of Directors authorized the repurchase of our ordinary shares up to a maximum dollar limit of \$500.0 million (the "2018 Authorization"). On February 19, 2019, the Board of Directors authorized the repurchase of our ordinary shares up to a maximum dollar limit of \$380.0 million (the "2019 Authorization"). The 2018 Authorization and the 2019 Authorization expired on July 23, 2021. On May 14, 2021, the Board of Directors authorized the repurchase of our ordinary shares up to a maximum dollar limit of \$300.0 million (the "2021 Authorization"). The 2021 Authorization began on July 23, 2021 upon expiration of the 2018 Authorization and the 2019 Authorization, and expires on July 22, 2024.

As of September 30, 2021, we had \$300.0 million available for share repurchases under the 2021 Authorization.

ITEM 6. EXHIBITS

The exhibits listed in the following Exhibit Index are filed as part of this Quarterly Report on Form 10-Q.

Exhibit Index to Form 10-Q for the Period Ended September 30, 2021

- [4.1](#) Amended and Restated Credit Agreement, dated September 24, 2021, among nVent Electric plc, nVent Finance S.à r.l., Hoffman Schroff Holdings, Inc., the other affiliate borrowers from time to time party thereto and the lenders and agents party thereto (Incorporated by reference to Exhibit 4.1 in the Current Report on Form 8-K of nVent Electric plc filed with the Commission on September 30, 2021 (File No. 001-38265)).
- [22](#) Guarantors and Subsidiary Issuers of Guaranteed Securities (Incorporated by reference to Exhibit 22 in the Quarterly Report on Form 10-Q of nVent Electric plc filed with the Commission on April 29, 2020 (File No. 001-38265)).
- [31.1](#) Certification of Chief Executive Officer.
- [31.2](#) Certification of Chief Financial Officer.
- [32.1](#) Certification of Chief Executive Officer, Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- [32.2](#) Certification of Chief Financial Officer, Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- 101** The following materials from nVent Electric plc's Quarterly Report on Form 10-Q for the quarter ended September 30, 2021 are filed herewith, formatted in iXBRL (Inline Extensible Business Reporting Language): (i) the Condensed Consolidated Statements of Income (Loss) and Comprehensive Income (Loss) for the three and nine months ended September 30, 2021 and 2020, (ii) the Condensed Consolidated Balance Sheets as of September 30, 2021 and December 31, 2020, (iii) the Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2021 and 2020, (iv) the Condensed Consolidated Statements of Changes in Equity for the three and nine months ended September 30, 2021 and 2020, and (v) Notes to Condensed Consolidated Financial Statements. The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.
- 104** Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on October 28, 2021.

nVent Electric plc
Registrant

By /s/ Sara E. Zawoyski

Sara E. Zawoyski

Executive Vice President and Chief Financial Officer

By /s/ Randolph A. Wacker

Randolph A. Wacker

Senior Vice President, Chief Accounting Officer and Treasurer

Certification

I, Beth A. Wozniak, certify that:

1. I have reviewed this quarterly report on Form 10-Q of nVent Electric plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 28, 2021

/s/ Beth A. Wozniak

Beth A. Wozniak

Chief Executive Officer

Certification

I, Sara E. Zawoyski, certify that:

1. I have reviewed this quarterly report on Form 10-Q of nVent Electric plc;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 28, 2021

/s/ Sara E. Zawoyski

Sara E. Zawoyski

Executive Vice President and Chief Financial Officer

**Certification of CEO Pursuant To
18 U.S.C. Section 1350,
As Adopted Pursuant To
Section 906 Of The Sarbanes-Oxley Act Of 2002**

In connection with the Quarterly Report on Form 10-Q of nVent Electric plc (the “Company”) for the period ended September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Beth A. Wozniak, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that based on my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 28, 2021

/s/ Beth A. Wozniak

Beth A. Wozniak

Chief Executive Officer

**Certification of CFO Pursuant To
18 U.S.C. Section 1350,
As Adopted Pursuant To
Section 906 Of The Sarbanes-Oxley Act Of 2002**

In connection with the Quarterly Report on Form 10-Q of nVent Electric plc (the “Company”) for the period ended September 30, 2021 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Sara E. Zawoyski, Executive Vice President and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that based on my knowledge:

- (1) The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: October 28, 2021

/s/ Sara E. Zawoyski

Sara E. Zawoyski

Executive Vice President and Chief Financial Officer