

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 June 30, 2018

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

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 and posted on its corporate web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§223.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post 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 ☐

(Do not check if a smaller
reporting 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 June 30, 2018, 179,037,762 shares of Registrant's common stock were outstanding.

nVent Electric plc

	<u>Page</u>
<u>PART I FINANCIAL INFORMATION</u>	
ITEM 1.	Financial Statements (unaudited)
	Condensed Consolidated and Combined Statements of Income and Comprehensive Income for the three and six months ended June 30, 2018 and 2017 3
	Condensed Consolidated and Combined Balance Sheets as of June 30, 2018 and December 31, 2017 4
	Condensed Consolidated and Combined Statements of Cash Flows for the six months ended June 30, 2018 and 2017 5
	Condensed Consolidated and Combined Statements of Changes in Equity for the six months ended June 30, 2018 and 2017 6
	Notes to Condensed Consolidated and Combined Financial Statements 7
ITEM 2.	Management’s Discussion and Analysis of Financial Condition and Results of Operations 27
ITEM 3.	Quantitative and Qualitative Disclosures about Market Risk 37
ITEM 4.	Controls and Procedures 37
<u>PART II OTHER INFORMATION</u>	
ITEM 1.	Legal Proceedings 38
ITEM 1A.	Risk Factors 38
ITEM 2.	Unregistered Sales of Equity Securities and Use of Proceeds 39
ITEM 6.	Exhibits 39
	Signatures 41

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

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

	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
<i>In millions, except per-share data</i>				
Net sales	\$ 542.7	\$ 513.2	\$ 1,081.6	\$ 1,015.4
Cost of goods sold	323.3	303.5	653.3	607.0
Gross profit	219.4	209.7	428.3	408.4
Selling, general and administrative	143.1	109.3	275.0	229.4
Research and development	11.0	10.9	22.4	21.9
Operating income	65.3	89.5	130.9	157.1
Net interest expense	9.3	0.1	9.9	0.2
Other expense	5.1	1.4	6.3	2.8
Income before income taxes	50.9	88.0	114.7	154.1
Provision for income taxes	7.6	17.3	19.1	28.1
Net income	\$ 43.3	\$ 70.7	\$ 95.6	\$ 126.0
Comprehensive income, net of tax				
Net income	\$ 43.3	\$ 70.7	\$ 95.6	\$ 126.0
Changes in cumulative translation adjustment	(39.8)	19.3	(37.5)	27.9
Changes in market value of derivative financial instruments, net of tax	(1.0)	(0.2)	(1.7)	0.5
Comprehensive income	\$ 2.5	\$ 89.8	\$ 56.4	\$ 154.4
Earnings per ordinary share				
Basic	\$ 0.24	\$ 0.39	\$ 0.53	\$ 0.70
Diluted	\$ 0.24	\$ 0.39	\$ 0.53	\$ 0.70
Weighted average ordinary shares outstanding				
Basic	178.5	179.0	178.7	179.0
Diluted	180.8	181.2	181.0	181.2

See accompanying notes to condensed consolidated and combined financial statements.

nVent Electric plc
Condensed Consolidated and Combined Balance Sheets (Unaudited)

<i>In millions, except per-share data</i>	June 30, 2018	December 31, 2017
Assets		
Current assets		
Cash and cash equivalents	\$ 91.5	\$ 26.9
Accounts and notes receivable, net of allowances of \$6.1 and \$8.4, respectively	365.0	349.3
Inventories	226.7	224.1
Other current assets	136.5	132.3
Total current assets	819.7	732.6
Property, plant and equipment, net	261.1	265.8
Other assets		
Goodwill	2,235.7	2,238.2
Intangibles, net	1,204.2	1,236.6
Other non-current assets	56.1	251.8
Total other assets	3,496.0	3,726.6
Total assets	\$ 4,576.8	\$ 4,725.0
Liabilities and Equity		
Current liabilities		
Current maturities of long-term debt and short-term borrowings	\$ 10.3	\$ —
Accounts payable	152.7	174.1
Employee compensation and benefits	63.8	75.5
Other current liabilities	160.6	141.3
Total current liabilities	387.4	390.9
Other liabilities		
Long-term debt	983.7	—
Pension and other post-retirement compensation and benefits	175.6	176.7
Deferred tax liabilities	255.2	279.4
Other non-current liabilities	78.5	86.7
Total liabilities	1,880.4	933.7
Equity		
Net Parent investment	—	3,848.4
Ordinary shares \$0.01 par value, 400.0 authorized, 179.0 issued at June 30, 2018	1.8	—
Additional paid-in capital	2,748.8	—
Retained earnings	42.1	—
Accumulated other comprehensive loss	(96.3)	(57.1)
Total equity	2,696.4	3,791.3
Total liabilities and equity	\$ 4,576.8	\$ 4,725.0

See accompanying notes to condensed consolidated and combined financial statements.

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

<i>In millions</i>	Six months ended	
	June 30, 2018	June 30, 2017
Operating activities		
Net income	\$ 95.6	\$ 126.0
Adjustments to reconcile net income to net cash provided by (used for) operating activities		
Depreciation	18.3	17.9
Amortization	30.6	30.6
Deferred income taxes	(18.3)	(8.7)
Share-based compensation	5.4	8.8
Changes in assets and liabilities, net of effects of business acquisitions		
Accounts and notes receivable	(22.3)	(20.5)
Inventories	(8.7)	(17.8)
Other current assets	(6.0)	(34.7)
Accounts payable	(18.4)	(6.5)
Employee compensation and benefits	(5.7)	(5.1)
Other current liabilities	24.1	14.3
Other non-current assets and liabilities	(13.0)	20.8
Net cash provided by (used for) operating activities	81.6	125.1
Investing activities		
Capital expenditures	(9.7)	(18.9)
Proceeds from sale of property and equipment	2.3	3.9
Acquisitions, net of cash acquired	(2.0)	(13.5)
Net cash provided by (used for) investing activities	(9.4)	(28.5)
Financing activities		
Proceeds from long-term debt	1,000.0	—
Debt issuance costs	(9.9)	—
Cash provided at separation to Parent	(993.6)	—
Net transfers to Parent prior to separation	—	(74.9)
Shares issued to employees, net of shares withheld	5.0	—
Net cash provided by (used for) financing activities	1.5	(74.9)
Effect of exchange rate changes on cash and cash equivalents	(9.1)	(7.2)
Change in cash and cash equivalents	64.6	14.5
Cash and cash equivalents, beginning of period	26.9	21.5
Cash and cash equivalents, end of period	\$ 91.5	\$ 36.0

See accompanying notes to condensed consolidated and combined financial statements.

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

<i>In millions</i>	Ordinary shares		Additional paid-in capital	Retained Earnings	Net Parent investment	Accumulated other comprehensive loss	Total
	Number	Amount					
Balance - December 31, 2017	—	\$ —	\$ —	\$ —	\$ 3,848.4	\$ (57.1)	\$ 3,791.3
Net income	—	—	—	42.1	53.5	—	95.6
Cumulative effect of accounting changes	—	—	—	—	(172.7)	—	(172.7)
Other comprehensive income, net of tax	—	—	—	—	—	(39.2)	(39.2)
Net transfers from Parent	—	—	—	—	5.7	—	5.7
Cash provided at separation to Parent Company	—	—	—	—	(993.6)	—	(993.6)
Reclassification of Net Parent investment to additional paid-in capital	—	—	2,741.3	—	(2,741.3)	—	—
Issuance of common stock upon separation	178.4	1.8	—	—	—	—	1.8
Exercise of options, net of shares tendered for payment	0.6	—	5.5	—	—	—	5.5
Shares surrendered by employees to pay taxes	—	—	(0.5)	—	—	—	(0.5)
Share-based compensation	—	—	2.5	—	—	—	2.5
Balance - June 30, 2018	179.0	\$ 1.8	\$ 2,748.8	\$ 42.1	\$ —	\$ (96.3)	\$ 2,696.4

<i>In millions</i>	Ordinary shares		Additional paid-in capital	Retained Earnings	Net Parent investment	Accumulated other comprehensive loss	Total
	Number	Amount					
Balance - December 31, 2016	—	\$ —	\$ —	\$ —	\$ 3,546.3	\$ (60.6)	\$ 3,485.7
Net income	—	—	—	—	126.0	—	126.0
Other comprehensive income, net of tax	—	—	—	—	—	28.4	28.4
Net transfers from Parent	—	—	—	—	178.1	—	178.1
Balance - June 30, 2017	—	\$ —	\$ —	\$ —	\$ 3,850.4	\$ (32.2)	\$ 3,818.2

See accompanying notes to condensed consolidated and combined financial statements.

nVent Electric plc

Notes to condensed consolidated and combined financial statements (unaudited)

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. 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. The Company is comprised of three reporting segments: Enclosures, Thermal Management and Electrical & Fastening Solutions.

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 therefore have tax residency in the U.K.

Separation from Pentair

On April 30, 2018, Pentair plc ("Pentair" or "Parent") completed the separation of its Water business and its Electrical business into two independent, publicly-traded companies (the "separation"). To effect the separation, Pentair distributed to its shareholders one ordinary share of nVent for every ordinary share of Pentair held as of the record date of April 17, 2018. As a result of the distribution, nVent is now an independent publicly-traded company and began "regular way" trading under the symbol "NVT" on the New York Stock Exchange on May 1, 2018.

In connection with the separation, we filed a Registration Statement on Form 10 (as amended, the "Form 10") with the Securities and Exchange Commission (the "SEC"), which was declared effective on April 9, 2018. The Form 10 included an Information Statement describing the details of the separation and providing information as to our business and management. The final version of the Information Statement was filed with the SEC as Exhibit 99.1 to our Current Report on Form 8-K/A filed with the SEC on April 11, 2018 (the "Information Statement").

Except where indicated, references below to transactions completed by nVent prior to April 30, 2018 refer to transactions completed by or on behalf of the Electrical reporting segment of Pentair that are reflected on the condensed consolidated and combined financial statements of nVent.

Basis of presentation

The accompanying unaudited condensed consolidated and combined financial statements of nVent have been prepared following the requirements of the 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. As these are condensed financial statements, one should also read our combined financial statements and notes thereto for the year ended December 31, 2017, which were included in the Information Statement.

We are responsible for the unaudited condensed consolidated and combined 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, results of operations and cash flows for the interim periods presented.

Revenues, expenses, cash flows, assets and liabilities can and do vary during each quarter of the year. Therefore, the results and trends in these interim financial statements may not be indicative of those for a full year.

The financial statements for periods prior to April 30, 2018 were prepared on a stand-alone basis derived from the consolidated financial statements and records of Pentair as if nVent were operated on a stand-alone basis. These condensed consolidated and combined financial statements have been prepared in U.S. dollars ("USD") and in accordance with GAAP.

Cost allocations

The condensed consolidated and combined financial statements of nVent include general corporate expenses of Pentair for certain support functions that were provided on a centralized basis prior to the separation, such as expenses related to executive management, finance, audit, legal, information technology, human resources, communications, facilities and employee benefits and compensation. These general corporate expenses are included in the Condensed Consolidated and Combined Statements of Income and Comprehensive Income within *Selling, general and administrative expense* and *Other expense*.

nVent Electric plc
Notes to condensed consolidated and combined financial statements (unaudited)

The amounts allocated were \$16.2 million and \$14.6 million for the three months ended June 30, 2018 and 2017, respectively, of which \$2.6 million and \$9.5 million, respectively, were historically recorded to the Electrical segment in Pentair's consolidated financial statements. The amounts allocated were \$42.5 million and \$32.5 million for the six months ended June 30, 2018 and 2017, respectively, of which \$10.3 million and \$15.5 million, respectively, were historically recorded to the Electrical segment in Pentair's consolidated financial statements. These expenses were allocated to nVent on the basis of direct usage when identifiable, with the remainder allocated based on a proportional basis of net sales, headcount or other measures.

nVent considers the allocation methodology regarding Pentair's general corporate expenses to be reasonable for all periods presented. Nevertheless, the condensed consolidated and combined financial statements of nVent for periods prior to the separation may not reflect the actual expenses that would have been incurred and may not reflect nVent's condensed consolidated and combined results of operations, financial position and cash flows had it been a stand-alone company during the periods presented. Actual costs for periods prior to the separation that would have been incurred if nVent had been a stand-alone company would depend on multiple factors including organization structure, capital structure and strategic decisions made in various areas, including information technology and infrastructure. Transactions between nVent and Pentair have been included in related party transactions in these unaudited condensed consolidated and combined financial statements and were considered to be effectively settled at the time the transaction was recorded. The total net effect of the settlement of these transactions is reflected in the Condensed Consolidated and Combined Statements of Cash Flows as a financing activity and in the Condensed Consolidated and Combined Balance Sheets as *Net Parent investment*. The *Net Parent investment* represents Pentair's historical investment in nVent, the net effect of cost allocations from transactions with Pentair, net transfers of cash and assets to Pentair and nVent's accumulated earnings. See Note 10 for a further description of related party transactions and *Net Parent investment*.

Prior to the separation, transfers of cash, both to and from Pentair's centralized cash management system were reflected as a component of *Net Parent investment* in the Condensed Consolidated and Combined Balance Sheets and as a financing activity on the Condensed Consolidated and Combined Statements of Cash Flows. For periods prior to the separation, the cash and cash equivalents held by Pentair at the corporate level were not attributed to nVent, as legal ownership remained with the former Parent.

For periods prior to the separation, certain nVent operations were included in Pentair's U.S. federal and state income tax returns, and substantially all income taxes on those operations have been paid by Pentair. Income tax expense and other income tax related information contained in these condensed consolidated and combined financial statements for periods prior to the separation are presented on a separate return approach as if nVent filed its own tax returns. Under this approach, the provision for income taxes represents income tax paid or payable (or received or receivable) for the current year plus the change in deferred taxes during the year calculated as if nVent was a stand-alone taxpayer filing hypothetical income tax returns where applicable. Current income tax liabilities are assumed to be immediately settled with Pentair and are relieved through the *Net Parent investment* account and the *Net transfers to Parent* in the Condensed Consolidated and Combined Statements of Cash Flows.

Adoption of new accounting standards

On January 1, 2018, we adopted Accounting Standards Update ("ASU") No. 2017-07, "Retirement Benefits-Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost." As a result of the adoption, the interest cost, expected return on plan assets and net actuarial gain/loss components of net periodic pension and post-retirement benefit cost have been reclassified from *Selling, general and administrative expense* to *Other expense*. Only the service cost component remains in *Operating income* and will be eligible for capitalization in assets on a prospective basis.

The effect of the retrospective presentation change related to the net periodic cost of our defined benefit pension and other post-retirement plans on our Condensed Consolidated and Combined Statements of Income and Comprehensive Income was as follows:

	Three months ended June 30, 2017			Six months ended June 30, 2017		
	Prior to Adoption	As Revised	Effect of Change	Prior to Adoption	As Revised	Effect of Change
<i>In millions</i>						
Selling, general and administrative	\$ 110.7	\$ 109.3	\$ (1.4)	\$ 232.2	\$ 229.4	\$ (2.8)
Operating income	88.1	89.5	1.4	154.3	157.1	2.8
Other expense	—	1.4	1.4	—	2.8	2.8

nVent Electric plc
Notes to condensed consolidated and combined financial statements (unaudited)

On January 1, 2018, we adopted ASU No. 2016-16, "Accounting for Income Taxes: Intra-Entity Asset Transfers of Assets Other than Inventory" using the modified retrospective method. The ASU requires the tax effects of all intra-entity sales of assets other than inventory to be recognized in the period in which the transaction occurs. The adoption resulted in a \$174.5 million cumulative-effect adjustment recorded in equity as of the beginning of 2018 that reflects a \$201.5 million reduction of non-current prepaid income tax assets, partially offset by the establishment of \$27.0 million of deferred tax assets.

On January 1, 2018, we adopted ASU No. 2014-09, "Revenue from Contracts with Customers" and the related amendments ("ASC 606" or "the new revenue standard") using the modified retrospective method. As a result of adoption, the cumulative impact to our beginning equity at January 1, 2018 was \$1.8 million. The comparative information has not been restated and continues to be reported under the accounting standards in effect for those periods. We expect the impact of the adoption of the new standard to be immaterial to our net income on an ongoing basis.

A majority of our net sales continue to be recognized when products are shipped from our manufacturing facilities or delivery has occurred, depending on terms of the sale. Under the new standard, timing for recognition of certain revenue may be accelerated such that a portion of revenue will be recognized prior to shipment or delivery dependent upon contract-specific terms.

The impact of adopting the new standard primarily relates to the accounting for certain custom products manufactured by our Enclosures segment. Previously revenue was recognized for these custom products upon shipment. However, as these products have no alternative use to the Company and we have an enforceable right to payment for our performance completed to date, revenue related to these custom products will now be recognized over time. Additionally, the new revenue standard resulted in reclassifications on the Condensed Consolidated and Combined Balance Sheets related to accounting for sales returns.

The impact of adoption of the new revenue standard on our Condensed Consolidated and Combined Statements of Income and Comprehensive Income for the three and six months ended June 30, 2018 and Condensed Consolidated and Combined Balance Sheets as of June 30, 2018 was not material.

The cumulative effect of the changes made to our January 1, 2018 Condensed Consolidated and Combined Balance Sheets from the modified retrospective adoption of ASU 2016-16 and ASU 2014-09 was as follows:

Condensed Consolidated and Combined Balance Sheets

<i>In millions</i>	Balance at December 31, 2017	Adjustments due to ASU 2016-16	Adjustments due to ASU 2014-09	Balance at January 1, 2018
Assets				
Accounts and notes receivable, net	\$ 349.3	\$ —	\$ 3.8	\$ 353.1
Inventories	224.1	—	(1.8)	222.3
Other current assets	132.3	—	1.8	134.1
Other non-current assets	251.8	(174.5)	—	77.3
Liabilities				
Other current liabilities	141.3	—	3.8	145.1
Deferred tax liabilities	279.4	—	0.4	279.8
Equity				
Net Parent investment	3,848.4	(174.5)	1.8	3,675.7

New accounting standards issued but not yet adopted

In February 2016, the Financial Accounting Standards Board issued ASU 2016-02, "Leases" ("the new lease standard" or "ASC 842"), which requires an entity to recognize both assets and liabilities arising from financing and operating leases, along with additional qualitative and quantitative disclosures. The new lease standard requirements are effective for annual reporting periods beginning after December 15, 2018, including interim periods within that reporting period, and early adoption is permitted. The Company has begun evaluating the new lease standard, including the review and implementation of the necessary changes to our existing processes and systems that will be required to implement the new lease standard. While we are unable to quantify the impact at this time, we expect the primary impact to our consolidated financial position upon adoption will be the recognition, on a discounted basis, of our minimum commitments under noncancelable operating leases on our consolidated balance sheets resulting in the recording of right of use assets and lease obligations.

nVent Electric plc

Notes to condensed consolidated and combined financial statements (unaudited)

We currently do not expect ASC 842 to have a material effect on either our Consolidated and Combined Statements of Income and Comprehensive Income or Consolidated and Combined Statements of Cash Flows. We plan to adopt ASC 842 in the first quarter of 2019.

2. Revenue

Revenue recognition

Revenue is recognized when control of the promised goods or services are transferred to our customers, in an amount that reflects the consideration we expect to be entitled to in exchange for transferring those goods or providing services. We account for a contract when it has approval and commitment from both parties, the rights of the parties are identified, payment terms are identified, the contract has commercial substance and collectability of consideration is probable.

When determining whether the customer has obtained control of the goods or services, we consider any future performance obligations. Generally, there is no post-shipment obligation on product sold other than warranty obligations in the normal and ordinary course of business. In the event significant post-shipment obligations were to exist, revenue recognition would be deferred until nVent has substantially accomplished what it must do to be entitled to the benefits represented by the revenues.

Performance obligations

A performance obligation is a promise in a contract to transfer a distinct good or service to the customer, and is the unit of account in ASC 606. A contract's transaction price is allocated to each distinct performance obligation and recognized as revenue when, or as, the performance obligation is satisfied. The majority of our contracts have a single performance obligation as the promise to transfer the individual goods or services is not separately identifiable from other promises in the contracts and, therefore, not distinct. For contracts with multiple performance obligations, stand-alone selling price is generally readily observable.

Our performance obligations are satisfied at a point in time or over time as work progresses. Revenue from products and services transferred to customers at a point in time accounted for 72% and 87% of our revenue for the three-month periods ended June 30, 2018 and 2017, respectively, and 72% and 86% of our revenue for the six-month periods ended June 30, 2018 and 2017, respectively. Revenue on these contracts is recognized when obligations under the terms of the contract with our customer are satisfied; generally this occurs with the transfer of control upon shipment.

Revenue from products and services transferred to customers over time accounted for 28% and 13% of our revenue for the three-month periods ended June 30, 2018 and 2017, respectively, and 28% and 14% of our revenue for the six-month periods ended June 30, 2018 and 2017, respectively. The increase in our revenue recognized on an over time basis in the first six months of 2018 compared to the first six months of 2017 is primarily the result of the impact of the new revenue standard for certain custom products manufactured by our Enclosures segment. Previously, revenue was recognized for these custom products upon shipment. However, as these products have no alternative use to the Company and we have an enforceable right to payment for our performance completed to date, revenue related to these custom products will now be recognized over time.

For the majority of our revenue recognized over time, we use an input measure to determine progress towards completion. Under this method, sales and gross profit are recognized as work is performed generally based on the relationship between the actual costs incurred and the total estimated costs at completion ("the cost-to-cost method") or based on efforts for measuring progress towards completion in situations in which this approach is more representative of the progress on the contract than the cost-to-cost method. Contract costs include labor, material, overhead and, when appropriate, general and administrative expenses. Changes to the original estimates may be required during the life of the contract and such estimates are reviewed on a regular basis. Sales and gross profit are adjusted using the cumulative catch-up method for revisions in estimated total contract costs. These reviews have not resulted in adjustments that were significant to our results of operations. For performance obligations related to long-term contracts, when estimates of total costs to be incurred on a performance obligation exceed total estimates of revenue to be earned, a provision for the entire loss on the performance obligation is recognized in the period the loss is determined.

We use an output method to measure progress towards completion for certain of our Enclosures businesses, as this method appropriately depicts performance towards satisfaction of the performance obligation. Under the output method, revenue is recognized based on number of units produced.

On June 30, 2018, we had \$58.2 million of remaining performance obligations on contracts with 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 twelve to eighteen months.

nVent Electric plc

Notes to condensed consolidated and combined financial statements (unaudited)

Sales returns

The right of return may exist explicitly or implicitly with our customers. Our return policy allows for customer returns only upon our authorization. Goods returned must be product we continue to market and must be in salable condition. When the right of return exists, we adjust the transaction price for the estimated effect of returns. We estimate the expected returns based on historical sales levels, the timing and magnitude of historical sales return levels as a percent of sales, type of product, type of customer and a projection of this experience into the future.

Pricing and sales incentives

Our sales contracts may give customers the option to purchase additional goods or services priced at a discount. Options to acquire additional goods or services at a discount can come in many forms, such as customer programs and incentive offerings including pricing arrangements, promotions and other volume-based incentives.

We reduce the transaction price for certain customer programs and incentive offerings including pricing arrangements, promotions and other volume-based incentives that represent variable consideration. Sales incentives given to our customers are recorded using either the expected value method or most likely amount approach for estimating the amount of consideration to which nVent shall be entitled. The expected value is the sum of probability-weighted amounts in a range of possible consideration amounts. An expected value is an appropriate estimate of the amount of variable consideration when there are a large number of contracts with similar characteristics. The most likely amount is the single most likely amount in a range of possible consideration amounts (that is, the single most likely outcome of the contract). The most likely amount is an appropriate estimate of the amount of variable consideration if the contract has limited possible outcomes (for example, an entity either achieves a performance bonus or does not).

Pricing is established at or prior to the time of sale with our customers and we record sales at the agreed-upon net selling price. However, certain of our businesses allow customers to apply for a refund of a percentage of the original purchase price if they can demonstrate sales to a qualifying end customer. We use the expected value method to estimate the anticipated refund to be paid based on historical experience and reduce sales for the probable cost of the discount. The cost of these refunds is recorded as a reduction of transaction price.

Volume-based incentives involve rebates that are negotiated at or prior to the time of sale with the customer and are redeemable only if the customer achieves a specified cumulative level of sales or sales increase. Under these incentive programs, at the time of sale, we estimate the anticipated rebate to be paid based on forecasted sales levels. These forecasts are updated at least quarterly for each customer and the transaction price is reduced for the anticipated cost of the rebate. If the forecasted sales for a customer changes, the accrual for rebates is adjusted to reflect the new amount of rebates expected to be earned by the customer.

Shipping and handling costs

Amounts billed to customers for shipping and handling activities after the customer obtains control are treated as a promised service performance obligation and recorded in *Net sales* in the accompanying Condensed Consolidated and Combined Statements of Income and Comprehensive Income. Shipping and handling costs incurred by nVent for the delivery of goods to customers are considered a cost to fulfill the contract and are included in *Cost of goods sold* in the accompanying Condensed Consolidated and Combined Statements of Income and Comprehensive Income.

Contract assets and liabilities

Contract assets consist of unbilled amounts resulting from sales under long-term contracts when the cost-to-cost method of revenue recognition is utilized and revenue recognized exceeds the amount billed to the customer, such as when the customer retains a small portion of the contract price until completion of the contract. We typically receive interim payments on sales under long-term contracts as work progresses, although for some contracts, we may be entitled to receive an advance payment. Contract liabilities consist of advanced payments and billings in excess of costs incurred and deferred revenue.

Contract assets are recorded within *Other current assets* and contract liabilities are recorded within *Other current liabilities* in the Condensed Consolidated and Combined Balance Sheets.

nVent Electric plc
Notes to condensed consolidated and combined financial statements (unaudited)

Contract assets and liabilities consisted of the following:

<i>In millions</i>	June 30, 2018	December 31, 2017	\$ Change	% Change
Contract assets	\$ 73.7	\$ 69.9	\$ 3.8	5.4%
Contract liabilities	15.2	14.3	0.9	6.3%
Net contract assets (liabilities)	\$ 58.5	\$ 55.6	\$ 2.9	5.2%

The \$2.9 million increase in net contract assets from December 31, 2017 to June 30, 2018 was primarily the result of timing of milestone payments. The majority of our contract liabilities at December 31, 2017 were recognized in revenue as of June 30, 2018. There were no impairment losses recognized on our contract assets for the six months ended June 30, 2018.

Practical expedients and exemptions

We generally expense incremental costs of obtaining a contract when incurred because the amortization period would be less than one year. These costs primarily relate to sales commissions and are recorded in *Selling, general and administrative expense* in the Condensed Consolidated and Combined Statements of Income and Comprehensive Income.

We do not disclose the value of unsatisfied performance obligations for contracts with an original expected length of one year or less. Further, we do not adjust the promised amount of consideration for the effects of a significant financing component if we expect, at contract inception, that the period between when we transfer a promised good or service to a customer and when the customer pays for that good or service will be one year or less.

Revenue by category

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 by segment, based on geographic destination of the sale, was as follows:

<i>In millions</i>	Three months ended June 30, 2018			
	Enclosures	Thermal Management	Electrical & Fastening Solutions	Total
U.S. and Canada	\$ 178.5	\$ 74.5	\$ 103.3	\$ 356.3
Developed Europe ⁽¹⁾	47.7	39.9	28.1	115.7
Developing ⁽²⁾	26.7	19.9	12.2	58.8
Other Developed ⁽³⁾	2.7	4.7	4.5	11.9
Total	\$ 255.6	\$ 139.0	\$ 148.1	\$ 542.7

(1) - Includes Western Europe and Eastern Europe in European Union.

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

(3) - Other Developed includes Australia and Japan.

<i>In millions</i>	Six months ended June 30, 2018			
	Enclosures	Thermal Management	Electrical & Fastening Solutions	Total
U.S. and Canada	\$ 351.1	\$ 157.6	\$ 196.6	\$ 705.3
Developed Europe ⁽¹⁾	102.0	79.7	55.7	237.4
Developing ⁽²⁾	51.0	40.0	24.7	115.7
Other Developed ⁽³⁾	5.6	9.6	8.0	23.2
Total	\$ 509.7	\$ 286.9	\$ 285.0	\$ 1,081.6

(1) - Includes Western Europe and Eastern Europe in European Union.

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

(3) - Other Developed includes Australia and Japan.

nVent Electric plc
Notes to condensed consolidated and combined financial statements (unaudited)
Three months ended June 30, 2017

<i>In millions</i>		Enclosures	Thermal Management	Electrical & Fastening Solutions	Total
U.S. and Canada	\$	167.5	\$ 76.3	\$ 99.2	\$ 343.0
Developed Europe ⁽¹⁾		40.1	48.2	24.5	112.8
Developing ⁽²⁾		23.1	12.8	11.9	47.8
Other Developed ⁽³⁾		3.4	2.6	3.6	9.6
Total	\$	234.1	\$ 139.9	\$ 139.2	\$ 513.2

(1) - Includes Western Europe and Eastern Europe in European Union.

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

(3) - Other Developed includes Australia and Japan.

Six months ended June 30, 2017

<i>In millions</i>		Enclosures	Thermal Management	Electrical & Fastening Solutions	Total
U.S. and Canada	\$	329.1	\$ 153.3	\$ 187.7	\$ 670.1
Developed Europe ⁽¹⁾		80.8	87.9	47.4	216.1
Developing ⁽²⁾		44.0	38.1	27.8	109.9
Other Developed ⁽³⁾		6.7	6.0	6.6	19.3
Total	\$	460.6	\$ 285.3	\$ 269.5	\$ 1,015.4

(1) - Includes Western Europe and Eastern Europe in European Union.

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

(3) - Other Developed includes Australia and Japan.

Vertical net sales information by segment was as follows:

Three months ended June 30, 2018

<i>In millions</i>		Enclosures	Thermal Management	Electrical & Fastening Solutions	Total
Industrial	\$	156.8	\$ 57.5	\$ 29.7	\$ 244.0
Commercial & Residential		21.7	43.8	83.9	149.4
Energy		27.7	36.1	13.9	77.7
Infrastructure		49.4	1.6	20.6	71.6
Total	\$	255.6	\$ 139.0	\$ 148.1	\$ 542.7

Six months ended June 30, 2018

<i>In millions</i>		Enclosures	Thermal Management	Electrical & Fastening Solutions	Total
Industrial	\$	314.1	\$ 118.2	\$ 55.2	\$ 487.5
Commercial & Residential		42.2	89.9	163.4	295.5
Energy		55.3	76.1	26.1	157.5
Infrastructure		98.1	2.7	40.3	141.1
Total	\$	509.7	\$ 286.9	\$ 285.0	\$ 1,081.6

nVent Electric plc
Notes to condensed consolidated and combined financial statements (unaudited)
Three months ended June 30, 2017

<i>In millions</i>	Enclosures		Thermal Management		Electrical & Fastening Solutions		Total
Industrial	\$	144.2	\$	59.2	\$	25.4	\$ 228.8
Commercial & Residential		21.6		36.8		80.6	139.0
Energy		23.8		43.0		13.4	80.2
Infrastructure		44.5		0.9		19.8	65.2
Total	\$	234.1	\$	139.9	\$	139.2	\$ 513.2

Six months ended June 30, 2017

<i>In millions</i>	Enclosures		Thermal Management		Electrical & Fastening Solutions		Total
Industrial	\$	284.4	\$	116.4	\$	48.5	\$ 449.3
Commercial & Residential		43.7		74.7		155.1	273.5
Energy		47.7		92.8		27.8	168.3
Infrastructure		84.8		1.4		38.1	124.3
Total	\$	460.6	\$	285.3	\$	269.5	\$ 1,015.4

nVent Electric plc
Notes to condensed consolidated and combined financial statements (unaudited)
3. Restructuring

During the six months ended June 30, 2018, we continued execution of certain business restructuring initiatives, which we initiated in the year ended December 31, 2017, aimed at reducing our fixed cost structure and realigning our business. Initiatives during the six months ended June 30, 2018 included the reduction in hourly and salaried headcount of approximately 50 employees.

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

<i>In millions</i>	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Severance and related costs	\$ 2.3	\$ 3.7	\$ 5.1	\$ 12.8
Other	—	—	—	0.2
Total restructuring costs	\$ 2.3	\$ 3.7	\$ 5.1	\$ 13.0

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		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Enclosures	\$ 0.9	\$ 2.0	\$ 1.2	\$ 5.1
Thermal Management	0.6	1.2	2.7	6.8
Electrical & Fastening Solutions	0.6	0.5	1.0	1.1
Other	0.2	—	0.2	—
Total	\$ 2.3	\$ 3.7	\$ 5.1	\$ 13.0

Activity related to accrued severance and related costs recorded in *Other current liabilities* in the Condensed Consolidated and Combined Balance Sheets is summarized as follows for the six months ended June 30, 2018 :

<i>In millions</i>	June 30, 2018
Beginning balance	\$ 5.1
Costs incurred	5.1
Cash payments and other	(5.8)
Ending balance	\$ 4.4

nVent Electric plc
Notes to condensed consolidated and combined financial statements (unaudited)
4. Earnings Per Share

On April 30, 2018, Pentair completed the separation of its Electrical business, distributing to its shareholders one ordinary share of nVent for every ordinary share of Pentair held as of the record date of April 17, 2018.

The computations of basic and diluted earnings per share for periods prior to the separation were calculated using the shares that were distributed to Pentair shareholders upon the separation.

Basic and diluted earnings per share were calculated as follows:

<i>In millions, except per-share data</i>	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Net income	\$ 43.3	\$ 70.7	\$ 95.6	\$ 126.0
Weighted average ordinary shares outstanding				
Basic	178.5	179.0	178.7	179.0
Dilutive impact of stock options, restricted stock units and performance share units	2.3	2.2	2.3	2.2
Diluted	180.8	181.2	181.0	181.2
Earnings per ordinary share				
Basic earnings per ordinary share	\$ 0.24	\$ 0.39	\$ 0.53	\$ 0.70
Diluted earnings per ordinary share	\$ 0.24	\$ 0.39	\$ 0.53	\$ 0.70
Anti-dilutive stock options excluded from the calculation of diluted earnings per share	0.9	0.4	0.7	0.4

5. 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, 2017	Acquisitions/ divestitures	Foreign currency translation/other	June 30, 2018
Enclosures	\$ 274.8	\$ —	\$ (2.1)	\$ 272.7
Thermal Management	927.1	—	(2.2)	924.9
Electrical & Fastening Solutions	1,036.3	1.8	—	1,038.1
Total goodwill	\$ 2,238.2	\$ 1.8	\$ (4.3)	\$ 2,235.7

In January 2018, we completed an acquisition as part of our Electrical & Fastening Solutions segment with a purchase price of \$2.0 million in cash, net of cash acquired.

Identifiable intangible assets consisted of the following:

<i>In millions</i>	June 30, 2018			December 31, 2017		
	Cost	Accumulated amortization	Net	Cost	Accumulated amortization	Net
Definite-life intangibles						
Customer relationships	\$ 1,150.6	\$ (237.0)	\$ 913.6	\$ 1,153.0	\$ (207.5)	\$ 945.5
Proprietary technology and patents	14.8	(5.5)	9.3	14.6	(4.8)	9.8
Total definite-life intangibles	1,165.4	(242.5)	922.9	1,167.6	(212.3)	955.3
Indefinite-life intangibles						
Trade names	281.3	—	281.3	281.3	—	281.3
Total intangibles	\$ 1,446.7	\$ (242.5)	\$ 1,204.2	\$ 1,448.9	\$ (212.3)	\$ 1,236.6

nVent Electric plc
Notes to condensed consolidated and combined financial statements (unaudited)

Identifiable intangible asset amortization expense was \$15.2 million and \$15.3 million for the three months ended June 30, 2018 and 2017 , respectively, and \$30.6 million and \$30.6 million for the six months ended June 30, 2018 and 2017 , respectively.

Estimated future amortization expense for identifiable intangible assets during the remainder of 2018 and the next five years is as follows:

<i>In millions</i>	Q3-Q4					
	2018	2019	2020	2021	2022	2023
Estimated amortization expense	\$ 30.3	\$ 60.5	\$ 60.4	\$ 59.2	\$ 59.1	\$ 58.9

nVent Electric plc
Notes to condensed consolidated and combined financial statements (unaudited)
6. Supplemental Balance Sheet Information

<i>In millions</i>	June 30, 2018	December 31, 2017
Inventories		
Raw materials and supplies	\$ 62.9	\$ 64.3
Work-in-process	25.0	25.2
Finished goods	138.8	134.6
Total inventories	\$ 226.7	\$ 224.1
Other current assets		
Cost in excess of billings	\$ 73.7	\$ 69.9
Prepaid expenses	46.8	29.3
Prepaid income taxes	12.2	31.3
Other current assets	3.8	1.8
Total other current assets	\$ 136.5	\$ 132.3
Property, plant and equipment, net		
Land and land improvements	\$ 38.5	\$ 39.1
Buildings and leasehold improvements	167.3	170.2
Machinery and equipment	405.3	402.0
Construction in progress	13.4	11.5
Total property, plant and equipment	624.5	622.8
Accumulated depreciation and amortization	363.4	357.0
Total property, plant and equipment, net	\$ 261.1	\$ 265.8
Other non-current assets		
Prepaid income taxes	\$ —	\$ 201.5
Deferred compensation plan assets	24.5	25.1
Other non-current assets	31.6	25.2
Total other non-current assets	\$ 56.1	\$ 251.8
Other current liabilities		
Accrued rebates	\$ 36.5	\$ 42.9
Billings in excess of cost	9.4	9.8
Accrued taxes payable	55.2	41.8
Other current liabilities	59.5	46.8
Total other current liabilities	\$ 160.6	\$ 141.3
Other non-current liabilities		
Income taxes payable	\$ 50.5	\$ 57.6
Deferred compensation plan liabilities	24.5	25.1
Other non-current liabilities	3.5	4.0
Total other non-current liabilities	\$ 78.5	\$ 86.7

nVent Electric plc
Notes to condensed consolidated and combined financial statements (unaudited)
7. Derivatives and Financial Instruments
Derivative financial instruments

We conduct business in various locations throughout the world and are subject to market risk due to changes in the value of foreign currencies in relation to our reporting currency, the U.S. dollar. We manage our economic and transaction exposure to certain market-based risks through the use of foreign currency derivative financial instruments. Our objective in holding these derivatives is to reduce the volatility of net earnings and cash flows associated with changes in foreign currency exchange rates. The majority of our foreign currency contracts have an original maturity date of less than one year. 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.

At June 30, 2018 and December 31, 2017, we had outstanding foreign currency derivative contracts with gross notional U.S. dollar equivalent amounts of \$27.2 million and \$10.7 million, respectively. The impact of these contracts on the Condensed Consolidated and Combined Statements of Income and Comprehensive Income was not material for any period presented.

Gains or losses on foreign currency contracts designated as hedges are reclassified out of Accumulated Other Comprehensive Loss and into *Selling, general and administrative expense* in the Condensed Consolidated and Combined Statements of Income and Comprehensive Income when the hedged item affects earnings. Such reclassifications during the three and six months ended June 30, 2018 and 2017 were not material.

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;
- foreign currency contract 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 based on observable inputs that are classified as Level 2 in the valuation hierarchy defined by the accounting guidance.

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

	June 30, 2018		December 31, 2017	
	Recorded Amount	Fair Value	Recorded Amount	Fair Value
<i>In millions</i>				
Variable rate debt	\$ 200.3	\$ 200.3	\$ —	\$ —
Fixed rate debt	800.0	798.8	—	—
Total debt	\$ 1,000.3	\$ 999.1	\$ —	\$ —

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

	June 30, 2018			
	Level 1	Level 2	Level 3	Total
<i>In millions</i>				
Recurring fair value measurements				
Foreign currency contract liabilities	\$ —	\$ (1.0)	\$ —	\$ (1.0)
Deferred compensation plan assets	21.3	3.2	—	24.5
Total recurring fair value measurements	\$ 21.3	\$ 2.2	\$ —	\$ 23.5

nVent Electric plc
Notes to condensed consolidated and combined financial statements (unaudited)

<i>In millions</i>	December 31, 2017			
	Level 1	Level 2	Level 3	Total
Recurring fair value measurements				
Foreign currency contract assets	\$ —	\$ 0.7	\$ —	\$ 0.7
Deferred compensation plan assets	22.9	2.2	—	25.1
Total recurring fair value measurements	\$ 22.9	\$ 2.9	\$ —	\$ 25.8
Nonrecurring fair value measurements ⁽¹⁾				

- (1) During the fourth quarter of 2017, we completed our annual intangible assets impairment review. As a result, we recorded a pre-tax non-cash impairment charge of \$16.4 million. The impairment charge reduced the carrying value of the impacted trade name intangibles to \$16.2 million. The fair value of trade names is measured using the relief-from-royalty method. This method assumes the trade name has value to the extent that the owner is relieved of the obligation to pay royalties for the benefits received from them. This method requires us to estimate the future revenue for the related brands, the appropriate royalty rate and the weighted average cost of capital.

8. Debt

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

<i>In millions</i>	Average interest rate as of June 30, 2018	Maturity Year	June 30, 2018	December 31, 2017
Senior notes - fixed rate ⁽¹⁾	3.950%	2023	\$ 300.0	\$ —
Senior notes - fixed rate ⁽¹⁾	4.550%	2028	500.0	—
Term loan facility	3.466%	2023	200.0	—
Other	N.M.	2018	0.3	—
Unamortized debt issuance costs and discounts	N/A	N/A	(6.3)	—
Total debt			994.0	—
Less: Current maturities and short-term borrowings			(10.3)	—
Long-term debt			\$ 983.7	\$ —

(1) Senior notes are fully and unconditionally guaranteed as to payment by nVent Electric plc

N.M. Not Meaningful

Senior notes

In March 2018, nVent Finance S.à r.l. ("nVent Finance"), 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, beginning October 15, 2018.

Senior credit facilities

In March 2018, nVent Finance entered into a credit agreement with a syndicate of banks providing for a five -year \$200.0 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"). 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. In April 2018, we drew \$200.0 million under the Term Loan Facility. There were no outstanding borrowings under the Revolving Credit Facility as of June 30, 2018.

nVent Electric plc
Notes to condensed consolidated and combined financial statements (unaudited)

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 June 30, 2018 , we were in compliance with all financial covenants in our debt agreements.

Debt outstanding, excluding unamortized issuance costs and discounts, at June 30, 2018 matures on a calendar year basis as follows:

	Q3-Q4							
<i>In millions</i>	2018	2019	2020	2021	2022	2023	Thereafter	Total
Contractual debt obligation maturities	\$ 5.3	\$ 12.5	\$ 17.5	\$ 20.0	\$ 20.0	\$ 425.0	\$ 500.0	\$ 1,000.3

9. Income Taxes

The effective income tax rate for the six months ended June 30, 2018 was 16.7% , compared to 18.2% for 2017 . The tax rate in any quarter can be affected positively or negatively by adjustments that are required to be reported in the specific quarter of resolution. The liability for uncertain tax positions was \$21.2 million and \$24.6 million at June 30, 2018 and December 31, 2017 , respectively. We record penalties and interest related to unrecognized tax benefits in *Provision for income taxes* and *Interest expense* , respectively, on the Condensed Consolidated and Combined Statements of Income and Comprehensive Income, which is consistent with our past practices.

U.S. tax reform

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the "Act") was signed into law making significant changes to the Internal Revenue Code. Changes include, but are not limited to, a corporate tax rate decrease from 35% to 21% effective for tax years beginning after December 31, 2017, the transition of U.S. international taxation from a worldwide tax system to a territorial system, and a one-time transition tax on the mandatory deemed repatriation of cumulative foreign earnings as of December 31, 2017.

Given the significance of the Act, Staff Accounting Bulletin No. 118 ("SAB 118") was issued to address the application of GAAP in situations when a registrant does not have the necessary information available, prepared or analyzed (including computations) in reasonable detail to complete the accounting for certain income tax effects of the Act. SAB 118 allows registrants to record provisional amounts during a one year "measurement period." The measurement period is deemed to have ended when the registrant has obtained, prepared and analyzed the information necessary to finalize its accounting. During the measurement period, impacts of the law are expected to be recorded at the time a reasonable estimate for all or a portion of the effects can be made, and provisional amounts can be recognized and adjusted as information becomes available, prepared or analyzed.

The Company calculated its best estimate of the impact of the Act in its December 31, 2017 income tax provision in accordance with its understanding of the Act and guidance available as of the date of the filing of the Form 10 and as a result recorded a provisional income tax benefit of \$84.8 million in the fourth quarter of 2017, the period in which the legislation was enacted. The provisional amount related to the remeasurement of certain deferred tax assets and liabilities based on the rates at which they are expected to reverse in the future was a decrease to income tax expense of \$122.0 million . The remeasurement of deferred taxes requires further analysis regarding the state tax impacts of the remeasurement, the impact of the Act on the taxation of executive compensation arrangements, changes to tax capitalization provisions and other aspects of the Act that may impact our tax balances.

The amount recorded in the fourth quarter of 2017 related to the one-time transition tax on the mandatory deemed repatriation of foreign earnings was an increase to income tax expense of \$37.2 million . The determination of the transition tax requires additional analysis regarding the amount and composition of the Company's historical foreign earnings and foreign tax credit position.

nVent Electric plc

Notes to condensed consolidated and combined financial statements (unaudited)

We have not made any additional measurement-period adjustments related to these items during the quarter. However, we are continuing to gather additional information to complete our accounting for these items and expect to complete the analysis required to complete our accounting within the prescribed measurement period.

nVent Electric plc
Notes to condensed consolidated and combined financial statements (unaudited)
10. Related Party Transactions and Net Parent Investment

Sales to Pentair by nVent were not material for the three and six months ended June 30, 2018 and 2017.

During the periods prior to the separation, nVent engaged in cash pooling arrangements with related parties managed centrally by the Parent.

The Parent's business model prior to the separation included a combination of stand-alone and combined business functions between Pentair and nVent, varying by region and country. The condensed consolidated and combined financial statements of nVent include allocations of these costs between Pentair and nVent for periods prior to the separation. Such allocations are estimates, and also may not represent the cost of such services if performed on a stand-alone basis. See further description of cost allocations in Note 1.

The Condensed Consolidated and Combined Balance Sheets of nVent for periods prior to the separation include certain of the Parent assets and liabilities that are specifically identifiable or otherwise attributable to nVent and were transferred to nVent upon completion of the separation. Transactions between nVent and Pentair prior to the separation are considered to be effectively settled at the time the transaction was recorded. The net effect of these transactions is included in the Condensed Consolidated and Combined Statements of Cash Flows as *Net transfers to Parent*.

Net Parent investment in the Condensed Consolidated and Combined Balance Sheets represents the Parent's historical investment in the Company, the net effect of cost allocations from transactions with the Parent, net transfers of cash and assets to the Parent and nVent's accumulated earnings.

11. Benefit Plans

We sponsor defined-benefit pension plans and a post-retirement health plan. The defined benefit pension plans cover certain non-U.S. employees and retirees, and the pension benefits are based principally on an employee's years of service and/or compensation levels near retirement. These plans are accounted for as defined benefit pension plans for purposes of the condensed consolidated and combined financial statements. Accordingly, the funded position of these plans and the related expense are recorded in the condensed consolidated and combined financial statements. The unfunded post-retirement health plan covers certain U.S. employees and retirees and provides a fixed monthly dollar credit for retiree health care expenses. The benefit obligation and related expense for this plan are included in the condensed consolidated and combined financial statements.

Components of net periodic benefit cost for our pension plans for the three and six months ended June 30, 2018 and 2017 were as follows:

<i>In millions</i>	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Service cost	\$ 1.4	\$ 1.4	\$ 2.9	\$ 2.8
Interest cost	1.1	0.9	2.2	1.8
Expected return on plan assets	(0.3)	(0.3)	(0.7)	(0.6)
Net actuarial loss	4.1	—	4.1	—
Net periodic benefit cost	\$ 6.3	\$ 2.0	\$ 8.5	\$ 4.0

As described in Note 1. Basis of Presentation and Responsibility of Interim Financial Statements, during the first quarter of 2018, the Company adopted ASU 2017-07. As a result, service costs are classified as employee compensation costs within *Cost of goods sold* and *Selling, general and administrative expense* within the Condensed Consolidated and Combined Statements of Income and Comprehensive Income. All other components of net periodic benefit cost are classified within *Other expense* for the periods presented.

Components of net periodic benefit cost for our other post-retirement plan for the three and six months ended June 30, 2018 and 2017 were not material.

Prior to the separation, certain Company employees participated in defined benefit pension plans and post-retirement health plans sponsored by Pentair ("Shared Plans"), which also included other Pentair participants. For purposes of these condensed consolidated and combined financial statements, the Company accounts for the Shared Plans as multi-employer benefit plans.

nVent Electric plc
Notes to condensed consolidated and combined financial statements (unaudited)

Accordingly, the Company does not record an asset or liability to recognize the funded status of the Shared Plans. However, the Company does record expense attributable to its employees who participate in the Shared Plans, as well as expense allocated for Pentair's corporate and shared functional employees. The total expense was \$0.2 million and \$1.8 million for the three months ended June 30, 2018 and 2017, respectively, and \$0.9 million and \$3.6 million for the six months ended June 30, 2018 and 2017, respectively. nVent did not assume any benefit obligation of the Shared Plans as a result of the separation.

12. Share Plans

Prior to the separation on April 30, 2018, the Company's employees participated in stock-based compensation plans sponsored by Pentair. The share-based compensation expense recorded by the Company includes the expenses associated with employees historically attributable to the Company's operations. Additionally, a portion of share-based compensation expense for Pentair's corporate and shared functional employees has been allocated to the Company's financial statements. Total share-based compensation expense, including allocated expense for Pentair's corporate and shared functional employees, for the three and six months ended June 30, 2018 and 2017 were as follows:

<i>In millions</i>	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Restricted stock units	\$ 1.6	\$ 1.4	\$ 2.7	\$ 3.4
Stock options	0.8	0.7	1.3	2.5
Performance share units	0.6	0.5	1.4	2.9
Total share-based compensation expense	\$ 3.0	\$ 2.6	\$ 5.4	\$ 8.8

In April 2018, the Company's Board of Directors approved the 2018 Omnibus Incentive Plan under which the Company can issue equity awards in the future.

In the second quarter of 2018, we issued our annual share-based compensation grants under the nVent Electric plc 2018 Omnibus Incentive Plan to eligible employees. The total number of awards issued was 1.4 million, of which 0.3 million were restricted stock units, 0.9 million were stock options and 0.2 million were performance share units. The weighted-average grant date fair value of the restricted stock units, stock options and performance share units issued was \$25.34, \$5.04 and \$25.34, respectively.

We estimated the fair value of each stock option award issued in the annual share-based compensation grant using a Black-Scholes option pricing model, modified for dividends and using the following assumptions:

	2018 Annual Grant
Risk-free interest rate	2.53%
Expected dividend yield	2.94%
Expected share price volatility	25.5%
Expected term (years)	6.1

These estimates require us to make assumptions based on historical results, observance of trends in our share price, changes in option exercise behavior, future expectations and other relevant factors. If other assumptions had been used, share-based compensation expense, as calculated and recorded under the accounting guidance, could have been affected.

We based the expected life assumption on historical experience as well as the terms and vesting periods of the options granted. For purposes of determining expected share price volatility, we considered a rolling average of historical volatility measured over a period approximately equal to the expected option term. The risk-free interest rate for periods that coincide with the expected life of the options is based on the U.S. Treasury Department yield curve in effect at the time of grant.

nVent Electric plc
Notes to condensed consolidated and combined financial statements (unaudited)
13. 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 authorization expires on July 23, 2021.

Dividends

On July 23, 2018, the Board of Directors declared a quarterly cash dividend of \$0.175 payable on August 17, 2018 to shareholders of record at the close of business on August 3, 2018.

14. Segment Information

We evaluate performance based on net sales and segment income (loss) 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 (loss) represents operating income exclusive of intangible amortization, separation costs, net interest expense, costs of restructuring and other activities and other unusual non-operating items.

Financial information by reportable segment is as follows:

<i>In millions</i>	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Net sales				
Enclosures	\$ 255.6	\$ 234.1	\$ 509.7	\$ 460.6
Thermal Management	139.0	139.9	286.9	285.3
Electrical & Fastening Solutions	148.1	139.2	285.0	269.5
Total	\$ 542.7	\$ 513.2	\$ 1,081.6	\$ 1,015.4
Segment income (loss)				
Enclosures	\$ 47.9	\$ 45.7	\$ 88.5	\$ 86.0
Thermal Management	30.4	27.6	63.9	53.6
Electrical & Fastening Solutions	40.9	41.3	72.6	73.0
Other	(11.6)	(3.9)	(23.9)	(9.7)
Total	\$ 107.6	\$ 110.7	\$ 201.1	\$ 202.9

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

<i>In millions</i>	Three months ended		Six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Segment income	\$ 107.6	\$ 110.7	\$ 201.1	\$ 202.9
Intangible amortization	(15.2)	(15.3)	(30.6)	(30.6)
Separation costs	(24.8)	(2.2)	(34.5)	(2.2)
Net interest expense	(9.3)	(0.1)	(9.9)	(0.2)
Restructuring and other	(2.3)	(3.7)	(5.1)	(13.0)
Other expense	(5.1)	(1.4)	(6.3)	(2.8)
Income before income taxes	\$ 50.9	\$ 88.0	\$ 114.7	\$ 154.1

15. 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 June 30, 2018 and December 31, 2017 was not material.

Stand-by letters of credit, bank guarantees and bonds

In disposing of assets or businesses, we often provide representations, warranties and indemnities to cover various risks including unknown damage to the assets, environmental risks involved in the sale of real estate, liability to investigate and remediate environmental contamination at waste disposal sites and manufacturing facilities and unidentified tax liabilities and legal fees related to periods prior to disposition. We do not have the ability to reasonably estimate the potential liability due to the inchoate and unknown nature of these potential liabilities. However, we have no reason to believe that these uncertainties would have a material adverse effect on our financial position, results of operations or cash flows.

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 June 30, 2018 and December 31, 2017, the outstanding value of bonds, letters of credit and bank guarantees totaled \$73.4 million and \$72.3 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," "should," "would," "positioned," "strategy," "future" 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 the ability to realize the anticipated benefits from the separation (as defined below); adverse effects on our business operations or financial results; the ability of our business to operate independently following the separation; changes in tax laws; the impact of the separation on our employees, customers and suppliers; overall global economic and business conditions impacting our business; the ability to achieve the benefits of our restructuring plans; the ability to successfully identify, finance, complete and integrate acquisitions; competition and pricing pressures in the markets we serve, including the impacts of tariffs; the strength of housing and related markets; volatility in currency exchange rates and commodity prices; inability to generate savings from excellence in operations initiatives consisting of lean enterprise, supply management and cash flow practices; increased risks associated with operating foreign businesses; the ability to deliver backlog and win future project work; failure of markets to accept new product introductions and enhancements; the impact of changes in laws and regulations, including those that limit U.S. tax benefits; the outcome of litigation and governmental proceedings; and the ability to achieve our long-term strategic operating goals. Additional information concerning these and other factors is contained in our filings with the U.S. Securities and Exchange Commission (the "SEC"), including this Quarterly Report on Form 10-Q and the Information Statement filed as exhibit 99.1 to our Current Report on Form 8-K/A, filed with the SEC on April 11, 2018 (the "Information Statement"). 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 operate across three segments: Enclosures, Thermal Management, and Electrical & Fastening Solutions, which represented approximately 47% , 27% and 26% of total revenues during the first six months of 2018 , respectively. We classify our operations into business segments based primarily on types of products offered and markets served:

- ***Enclosures*** —The Enclosures segment provides inventive solutions that protect, connect and manage heat in critical electronics, communication, control, and power 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 broadband voice, data and video surveillance applications in industrial, infrastructure, commercial, and energy verticals.
- ***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, energy, commercial & residential 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.
- ***Electrical & Fastening Solutions*** —The Electrical & Fastening Solutions segment provides fastening solutions that connect and protect electrical and mechanical systems and civil structures. Its engineered electrical and fastening products are used across a wide range of verticals, including commercial, industrial, infrastructure and energy.

On April 30, 2018, Pentair plc ("Pentair" or "Parent") completed the separation of its Water business and its Electrical business into two independent, publicly-traded companies (the "separation"). To effect the separation, Pentair distributed to its shareholders one ordinary share of nVent for every ordinary share of Pentair held as of the record date of April 17, 2018. As a result of the distribution, nVent is now an independent publicly-traded company and began regular way trading under the symbol "NVT" on the New York Stock Exchange on May 1, 2018.

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 therefore have tax residency in the U.K.

Key Trends and Uncertainties Regarding our Existing Business

The following trends and uncertainties affected our financial performance in 2017 and the first six months of 2018 and will likely impact our results in the future:

- We have identified specific product and geographic market opportunities that we find attractive and continue to pursue, both within and outside the U.S. We are reinforcing our businesses to more effectively address these opportunities through research and development and additional sales and marketing resources. Unless we successfully penetrate these markets, our organic sales growth will likely be limited or may decline.
- We have experienced material and other cost inflation. We strive for productivity improvements and we implement increases in selling prices to help mitigate this inflation. We expect the current economic environment, including the impacts of tariffs, will result in continuing price volatility for many of our raw materials and purchased components and we are uncertain as to the timing and impact of these market changes.
- During 2017 and the first six months of 2018, we continued execution of certain business restructuring initiatives aimed at reducing our fixed cost structure and realigning our business. We expect that these actions will contribute to margin growth in 2018.

In 2018, our operating objectives include the following:

- Achieving differentiated revenue growth through new products and solutions and market expansion in key developing regions;
- Driving operating excellence through lean enterprise initiatives, with specific focus on sourcing and supply management, cash flow management and lean operations;
- Optimizing our technological capabilities to increasingly generate innovative new and connected products; and
- Focusing on developing global talent in light of our global presence.

The financial statements for periods prior to April 30, 2018 were prepared on a stand-alone basis derived from the consolidated financial statements and records of Pentair as if nVent were operated on a stand-alone basis.

For periods prior to the separation, the condensed consolidated and combined financial statements of nVent include general corporate expenses of Pentair for certain support functions that were provided on a centralized basis, such as expenses related to executive management, finance, audit, legal, information technology, human resources, communications, facilities and employee benefits and compensation. These general corporate expenses are included in the Condensed Consolidated and Combined Statements of Income and Comprehensive Income within *Selling, general and administrative expense* and *Other expense*. These expenses have been allocated to nVent on the basis of direct usage when identifiable, with the remainder allocated based on a proportional basis of net sales, headcount or other measures. nVent considers the allocation methodology regarding Pentair's general corporate expenses to be reasonable for periods presented prior to the separation. Nevertheless, the condensed consolidated and combined financial statements of nVent for periods prior to the separation may not reflect the actual expenses that would have been incurred and may not reflect nVent's condensed consolidated and combined results of operations, financial position and cash flows had it been a stand-alone company during the periods presented.

CONSOLIDATED AND COMBINED RESULTS OF OPERATIONS

The consolidated and combined results of operations for the three months ended June 30, 2018 and 2017 were as follows:

<i>In millions</i>	Three months ended			
	June 30, 2018	June 30, 2017	\$ change	% / point change
Net sales	\$ 542.7	\$ 513.2	\$ 29.5	5.7%
Cost of goods sold	323.3	303.5	19.8	6.5%
Gross profit	219.4	209.7	9.7	4.6%
<i>% of net sales</i>	<i>40.4%</i>	<i>40.9%</i>		<i>(0.5) pts</i>
Selling, general and administrative	143.1	109.3	33.8	30.9%
<i>% of net sales</i>	<i>26.4%</i>	<i>21.3%</i>		<i>5.1 pts</i>
Research and development	11.0	10.9	0.1	0.9%
<i>% of net sales</i>	<i>2.0%</i>	<i>2.1%</i>		<i>(0.1) pts</i>
Operating income	65.3	89.5	(24.2)	(27.0)%
<i>% of net sales</i>	<i>12.0%</i>	<i>17.4%</i>		<i>(5.4) pts</i>
Net interest expense	9.3	0.1	9.2	N.M.
Other expense	5.1	1.4	3.7	N.M.
Income before income taxes	50.9	88.0	(37.1)	(42.2)%
Provision for income taxes	7.6	17.3	(9.7)	(56.1)%
<i>Effective tax rate</i>	<i>14.9%</i>	<i>19.7%</i>		<i>(4.8) pts</i>

N.M. Not Meaningful

The consolidated and combined results of operations for the six months ended June 30, 2018 and June 30, 2017 were as follows:

<i>In millions</i>	Six months ended			
	June 30, 2018	June 30, 2017	\$ change	% / point change
Net sales	\$ 1,081.6	\$ 1,015.4	\$ 66.2	6.5%
Cost of goods sold	653.3	607.0	46.3	7.6%
Gross profit	428.3	408.4	19.9	4.9%
<i>% of net sales</i>	<i>39.6%</i>	<i>40.2%</i>		<i>(0.6) pts</i>
Selling, general and administrative	275.0	229.4	45.6	19.9%
<i>% of net sales</i>	<i>25.4%</i>	<i>22.6%</i>		<i>2.8 pts</i>
Research and development	22.4	21.9	0.5	2.3%
<i>% of net sales</i>	<i>2.1%</i>	<i>2.2%</i>		<i>(0.1) pts</i>
Operating income	130.9	157.1	(26.2)	(16.7)%
<i>% of net sales</i>	<i>12.1%</i>	<i>15.4%</i>		<i>(3.3) pts</i>
Net interest expense	9.9	0.2	9.7	N.M.
Other expense	6.3	2.8	3.5	N.M.
Income before income taxes	114.7	154.1	(39.4)	(25.6)%
Provision for income taxes	19.1	28.1	(9.0)	(32.0)%
<i>Effective tax rate</i>	<i>16.7%</i>	<i>18.2%</i>		<i>(1.5) pts</i>

N.M. Not Meaningful

Net sales

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

	Three months ended June 30, 2018 over the prior year period	Six months ended June 30, 2018 over the prior year period
Volume	2.1%	2.3%
Price	1.7	1.2
Organic growth	3.8	3.5
Currency	1.9	3.0
Total	5.7%	6.5%

The 5.7 and 6.5 percentage point increase s in net sales in the second quarter and first half of 2018, respectively, from 2017 were primarily the result of:

- organic sales growth of approximately 2.0% and 2.5% from our industrial business in the second quarter and first half of 2018 from 2017, respectively, and approximately 1.5% from our commercial & residential business during both the second quarter and first half of 2018 from 2017; and
- favorable foreign currency effects for the three and six months ended June 30, 2018.

These increase s were partially offset by:

- slowdown in capital spending impacting the energy business, driving lower organic sales of approximately 1.0% and 1.5% during the second quarter and first half of 2018 from 2017, respectively.

Gross profit

The 0.5 and 0.6 percentage point decrease *s* in gross profit as a percentage of sales in the second quarter and first half of 2018, respectively, from 2017 were primarily the result of:

- inflationary increases related to certain raw materials, labor and freight costs; and
- organic sales decline in our energy business, which resulted in decreased leverage on fixed expenses included in cost of goods sold.

These decrease *s* were partially offset by:

- organic sales growth in our industrial and commercial & residential businesses; and
- higher contribution margin as a result of savings generated from our lean and supply management practices.

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

The 5.1 and 2.8 percentage point increase *s* in SG&A expense as a percentage of sales in the second quarter and first half of 2018, respectively, from 2017 were primarily the result of:

- \$24.8 million and \$34.5 million of non-recurring separation related costs incurred in the second quarter and first half of 2018, respectively, to prepare nVent to operate as an independent stand-alone public company, primarily related to information technology, legal, advisory and other professional fees; and
- increased investment in sales and marketing to drive growth.

These increase *s* were partially offset by:

- organic sales growth in our industrial and commercial & residential businesses, which resulted in increased leverage on operating expenses; and
- restructuring costs of \$2.3 million and \$5.1 million in the second quarter and first half of 2018, respectively, compared to \$3.7 million and \$13.0 million in the second quarter and first half of 2017, respectively.

Provision for income taxes

The 4.8 and 1.5 percentage point decrease *s* in the effective tax rate in the second quarter and first half of 2018, respectively, were primarily the result of:

- the favorable impact of discrete items that occurred during the second quarter of 2018 that did not occur in the same period during 2017; and
- the mix of global earnings toward lower tax jurisdictions, including the favorable impact of U.S. tax reform legislation.

SEGMENT RESULTS OF OPERATIONS

The summary that follows provides a discussion of the results of operations of each of our three reportable segments (Enclosures, Thermal Management and Electrical & Fastening Solutions). Each of these segments comprises various product offerings that serve various verticals and 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 exclusive of intangible amortization, certain acquisition related expenses, costs of restructuring activities, impairments and other unusual non-operating items.

Enclosures

The net sales and segment income for the Enclosures segment were as follows:

In millions	Three months ended			% / point change	Six months ended			% / point change
	June 30, 2018	June 30, 2017			June 30, 2018	June 30, 2017		
Net sales	\$ 255.6	\$ 234.1		9.2%	\$ 509.7	\$ 460.6		10.7%
Segment income	47.9	45.7		4.8%	88.5	86.0		2.9%
% of net sales	18.7%	19.5%		(0.8) pts	17.4%	18.7%		(1.3) pts

Net sales

The components of the change in the Enclosures segment net sales were as follows:

	Three months ended June 30, 2018 over the prior year period	Six months ended June 30, 2018 over the prior year period
Volume	6.3%	7.9%
Price	1.2	0.3
Organic growth	7.5	8.2
Currency	1.7	2.5
Total	9.2%	10.7%

The 9.2 and 10.7 percent increase s in Enclosures net sales in the second quarter and first half of 2018, respectively, from 2017 were primarily the result of:

- organic sales growth of approximately 4.0% and 5.0% from our industrial business in the second quarter and first half of 2018 from 2017, respectively, and approximately 1.5% and 2.0% from our infrastructure business in the second quarter and first half of 2018 from 2017, respectively; and
- favorable foreign currency effects for the three and six months ended June 30, 2018.

Segment income

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

	Three months ended June 30, 2018 over the prior year period	Six months ended June 30, 2018 over the prior year period
Growth	1.1 pts	1.9 pts
Inflation	(3.0)	(3.2)
Productivity/Price	1.1	—
Total	(0.8) pts	(1.3) pts

The 0.8 and 1.3 percentage point decrease s in segment income for Enclosures as a percentage of net sales in the second quarter and first half of 2018, respectively, from 2017 were primarily the result of:

- inflationary increases related to certain raw materials, labor and freight costs; and
- higher cost of sales due to manufacturing footprint rationalization and a new U.S. distribution center. We expect these investments will result in increased productivity and operating leverage in future periods.

These decrease s were partially offset by:

- organic sales growth in our industrial and infrastructure businesses, including selective increases in selling prices, which resulted in increased leverage on operating expenses; and
- higher contribution margin as a result of savings generated from our lean and supply management practices.

Thermal Management

The net sales and segment income for the Thermal Management segment were as follows:

In millions	Three months ended			Six months ended		
	June 30, 2018	June 30, 2017	% / point change	June 30, 2018	June 30, 2017	% / point change
Net sales	\$ 139.0	\$ 139.9	(0.6)%	\$ 286.9	\$ 285.3	0.6%
Segment income	30.4	27.6	10.1%	63.9	53.6	19.2%
% of net sales	21.9%	19.7%	2.2 pts	22.3%	18.8%	3.5 pts

Net sales

The components of the change in the Thermal Management segment net sales were as follows:

	Three months ended June 30, 2018 over the prior year period	Six months ended June 30, 2018 over the prior year period
Volume	(3.4)%	(3.9)%
Price	0.3	0.2
Organic growth	(3.1)	(3.7)
Currency	2.5	4.3
Total	(0.6)%	0.6%

The 0.6 percent decrease in Thermal Management net sales in the second quarter of 2018 from 2017 was primarily the result of:

- slowdown in capital spending impacting the energy and industrial businesses, driving lower organic sales of approximately 5.5% and 2.5%, respectively.

This decrease was partially offset by:

- favorable foreign currency effects for the three months ended June 30, 2018; and
- organic sales growth of approximately 4.5% from our commercial & residential business.

The 0.6 percent increase in Thermal Management net sales in the first half of 2018 from 2017 was primarily the result of:

- favorable foreign currency effects for the six months ended June 30, 2018; and
- organic sales growth of approximately 4.5% from our commercial & residential business.

These increase s were partially offset by:

- slowdown in capital spending impacting the energy business, driving lower organic sales of approximately 7.5%.

Segment income

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

	Three months ended June 30, 2018 over the prior year period	Six months ended June 30, 2018 over the prior year period
Growth	1.1 pts	3.1 pts
Inflation	(1.1)	(1.1)
Productivity/Price	2.2	1.5
Total	2.2 pts	3.5 pts

The 2.2 and 3.5 percentage point increase s in segment income for Thermal Management as a percentage of net sales in the second quarter and first half of 2018, respectively, from 2017 were primarily the result of:

- organic sales growth in our commercial & residential business, which resulted in increased leverage on operating expenses;
- favorable mix as a result of the decline in lower margin long-cycle energy sales and growth in higher margin product sales; and
- higher contribution margin as a result of savings generated from our lean and supply management practices.

These increase s were partially offset by:

- inflationary increases related to certain raw materials, labor and freight costs; and
- organic sales decline in our energy business, which resulted in decreased leverage on operating expenses.

Electrical & Fastening Solutions

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

<i>In millions</i>	Three months ended			% / point change	Six months ended			% / point change
	June 30, 2018	June 30, 2017			June 30, 2018	June 30, 2017		
Net sales	\$ 148.1	\$ 139.2		6.4%	\$ 285.0	\$ 269.5		5.8%
Segment income	40.9	41.3		(1.0)%	72.6	73.0		(0.5)%
% of net sales	27.6%	29.7%		(2.1) pts	25.5%	27.1%		(1.6) pts

Net sales

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

	Three months ended June 30, 2018 over the prior year period	Six months ended June 30, 2018 over the prior year period
Volume	0.7%	(0.4)%
Price	4.0	3.6
Organic growth	4.7	3.2
Currency	1.7	2.6
Total	6.4%	5.8%

The 6.4 and 5.8 percent increase s in Electrical & Fastening Solutions net sales in the second quarter and first half of 2018, respectively, of 2018 from 2017 were primarily the result of:

- favorable foreign currency effects for the three and six months ended June 30, 2018; and
- organic sales growth of approximately 2.5% and 1.5% from our industrial business in the second quarter and first half of 2018 from 2017, respectively, and approximately 1.5% from our commercial & residential business during both the second quarter and first half of 2018 from 2017.

Segment income

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

	Three months ended June 30, 2018 over the prior year period	Six months ended June 30, 2018 over the prior year period
Growth	(2.4) pts	(1.6) pts
Inflation	(3.0)	(2.9)
Productivity/Price	3.3	2.9
Total	(2.1) pts	(1.6) pts

The 2.1 and 1.6 percentage point decrease s in segment income for Electrical & Fastening Solutions as a percentage of net sales in the second quarter and first half of 2018, respectively, from 2017 were primarily the result of:

- inflationary increases related to certain raw materials, labor and freight costs; and
- impact of unfavorable product mix.

These decrease s were partially offset by:

- higher contribution margin as a result of savings generated from our lean and supply management practices; and
- selective increases in selling prices to mitigate inflationary cost increases.

LIQUIDITY AND CAPITAL RESOURCES

The primary source of liquidity for our business is cash flows provided by operations. For periods prior to the separation, transfers of cash to and from Pentair's cash management system have been reflected in the *Net Parent investment* in the historical Condensed Consolidated and Combined Balance Sheets, Condensed Consolidated and Combined Statements of Cash Flows and Condensed Consolidated and Combined Statements of Changes in Equity.

In connection with the separation, our capital structure and sources of liquidity changed significantly from our historical capital structure. Our businesses no longer participate in cash management and funding arrangements with Pentair. In connection with the separation, nVent Finance S.à r.l. ("nVent Finance") entered into certain financing arrangements pursuant to which we had approximately \$1.0 billion of indebtedness as of June 30, 2018. In April 2018, we transferred to Pentair all cash in excess of \$50.0 million of nVent and its subsidiaries, as consideration for the contribution of the net assets of the Electrical Business to nVent by Pentair.

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 and internally generated funds and borrowing under committed credit facilities. We are focused on increasing our cash flow and repaying debt, 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.

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

Operating activities

Cash provided by operating activities was \$81.6 million in the first six months of 2018, or \$43.5 million lower than in the comparable period in 2017. The decrease in cash provided by operating activities was due primarily to a decrease in net income of \$30.4 million, net of non-cash items such as depreciation and amortization, and increases in net working capital during the first six months of 2018 compared to the first six months of 2017.

Investing activities

Net cash used for investing activities was \$9.4 million in the first six months of 2018, or \$19.1 million lower than in the comparable period in 2017. Net cash used for investing activities in the first six months of 2018 primarily relates to capital expenditures of \$9.7 million. Net cash used for investing activities in the first six months of 2017 relates primarily to capital expenditures of \$18.9 million and cash paid for an acquisition of \$13.5 million, net of cash acquired.

We anticipate capital expenditures for fiscal 2018 to be approximately \$40 million, primarily for capacity expansions of manufacturing facilities, developing new products and general maintenance.

Financing activities

Prior to the separation, transfers of cash, both to and from Pentair's centralized cash management system are reflected as a financing activity on the Condensed Consolidated and Combined Statements of Cash Flows.

The cash provided by financing activities for the first six months of 2018 primarily relates to \$1.0 billion of proceeds from long-term debt described further below, offset by \$993.6 million of cash provided at the separation to Pentair as consideration for the contribution of the net assets of the Electrical Business to nVent by Pentair.

Senior notes

In March 2018, nVent Finance, 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, beginning October 15, 2018.

Senior credit facilities

In March 2018, nVent Finance entered into a credit agreement with a syndicate of banks providing for a five-year \$200.0 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"). 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. In April 2018, we drew \$200.0 million under the Term Loan Facility. There were no outstanding borrowings under the Revolving Credit Facility as of June 30, 2018.

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 June 30, 2018 , we were in compliance with all financial covenants in our debt agreements.

As of June 30, 2018 , we have \$8.9 million of cash held in certain countries in which the ability to repatriate is limited due to local regulations or significant potential tax consequences.

Contractual obligations

The following summarizes our significant contractual debt and fixed-rate interest obligations that impact our liquidity. There have been no other material changes from the significant contractual obligations previously disclosed in our Information Statement.

<i>In millions</i>	Q3-Q4							
	2018	2019	2020	2021	2022	2023	Thereafter	Total
Debt obligations	\$ 5.3	\$ 12.5	\$ 17.5	\$ 20.0	\$ 20.0	\$ 425.0	\$ 500.0	\$ 1,000.3
Interest obligations on fixed-rate debt	\$ 19.3	\$ 34.6	\$ 34.6	\$ 34.6	\$ 34.6	\$ 34.6	\$ 114.0	\$ 306.3

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 and Combined 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 compensation-based incentives. 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:

<i>In millions</i>	Six months ended	
	June 30, 2018	June 30, 2017
Net cash provided by (used for) operating activities	\$ 81.6	\$ 125.1
Capital expenditures	(9.7)	(18.9)
Proceeds from sale of property and equipment	2.3	3.9
Free cash flow	\$ 74.2	\$ 110.1

NEW ACCOUNTING STANDARDS

See Note 1 of the Notes to Condensed Consolidated and Combined Financial Statements for information pertaining to recently adopted accounting standards or accounting standards to be adopted in the future.

CRITICAL ACCOUNTING POLICIES

We have adopted various accounting policies to prepare the consolidated and combined 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 Information Statement, we identified the critical accounting policies which affect our more significant estimates and assumptions used in preparing our consolidated and combined financial statements. Significant changes to our critical accounting estimates as a result of adopting ASC 606 are discussed below:

Revenues

Accounting for long-term contracts involves the use of various techniques to estimate total contract revenue and costs. Contract estimates are based on various assumptions to project the outcome of future events that may span multiple years. We review and update our contract-related estimates regularly. We recognize adjustments in estimated profit on contracts under the cumulative catch-up method. Under this method, the impact of the adjustment on profit recorded to date is recognized in the period the adjustment is identified.

There have been no other material changes to our critical accounting policies and estimates from those previously disclosed in our Information Statement.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

There have been no material changes in our market risk during the quarter ended June 30, 2018. For additional information, refer to our Information Statement.

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 June 30, 2018 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 June 30, 2018 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 June 30, 2018 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

We have been made parties to a number of actions filed or have been given notice of potential claims relating to the conduct of our business, including those pertaining to commercial disputes, product liability, asbestos, environmental, safety and health, patent infringement and employment matters.

While we believe that a material impact on our financial position, results of operations or cash flows from any such future claims or potential claims is unlikely, given the inherent uncertainty of litigation, a remote possibility exists that a future adverse ruling or unfavorable development could result in future charges that could have a material adverse impact. We do and will continue to periodically reexamine our estimates of probable liabilities and any associated expenses and receivables and make appropriate adjustments to such estimates based on experience and developments in litigation. As a result, the current estimates of the potential impact on our financial position, results of operations and cash flows for the proceedings and claims described in the notes to our consolidated and combined financial statements could change in the future.

We are subject to various product liability lawsuits and personal injury claims. A substantial number of lawsuits and claims incurred prior to the effective date of the separation on April 30, 2018 are insured and accrued for by Pentair's captive insurance subsidiary. Pentair's captive insurance subsidiary records a liability for these claims based on actuarial projections of ultimate losses. Lawsuits and claims incurred after the separation are insured and accrued for by Tonka Bay, a captive insurance subsidiary of nVent. For all other claims, accruals covering the claims are recorded, on an undiscounted basis, when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated based on existing information. The accruals are adjusted periodically as additional information becomes available. We have not experienced significant unfavorable trends in either the severity or frequency of product liability lawsuits or personal injury claims.

ITEM 1A. RISK FACTORS

There have been no material changes from the risk factors previously disclosed in our Information Statement.

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

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. This authorization expires on July 23, 2021.

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 June 30, 2018

- [2.1](#) Separation and Distribution Agreement, dated as of April 27, 2018, by and between Pentair plc and nVent Electric plc (incorporated by reference to Exhibit 2.1 in the Current Report on Form 8-K of nVent Electric plc filed with the Commission on April 30, 2018 (File No. 001-38265)).
- [2.2](#) Tax Matters Agreement, dated as of April 27, 2018, by and between Pentair plc and nVent Electric plc (incorporated by reference to Exhibit 2.2 in the Current Report on Form 8-K of nVent Electric plc filed with the Commission on April 30, 2018 (File No. 001-38265)).
- [2.3](#) Transition Services Agreement, dated as of April 27, 2018, by and between Pentair plc and nVent Electric plc (incorporated by reference to Exhibit 2.3 in the Current Report on Form 8-K of nVent Electric plc filed with the Commission on April 30, 2018 (File No. 001-38265)).
- [2.4](#) Employee Matters Agreement, dated as of April 27, 2018, by and between Pentair plc and nVent Electric plc (incorporated by reference to Exhibit 2.4 in the Current Report on Form 8-K of nVent Electric plc filed with the Commission on April 30, 2018 (File No. 001-38265)).
- [3.1](#) Amended and Restated Memorandum and Articles of Association of nVent Electric plc (incorporated by reference to Exhibit 3.1 in the Current Report on Form 8-K of nVent Electric plc filed with the Commission on April 30, 2018 (File No. 001-38265)).
- [4.1](#) Indenture, dated as of March 26, 2018, among nVent Finance S.à r.l, nVent Electric plc, Pentair plc, Pentair Investments Switzerland GmbH and U.S. Bank National Association (incorporated by reference to Exhibit 4.1 to Amendment No. 4 to the Registration Statement on Form 10 of nVent Electric plc filed with the Commission on March 26, 2018 (File No. 001-38265)).
- [4.2](#) First Supplemental Indenture, dated as of March 26, 2018, among nVent Finance S.à r.l, nVent Electric plc, Pentair plc, Pentair Investments Switzerland GmbH and U.S. Bank National Association (incorporated by reference to Exhibit 4.2 to Amendment No. 4 to the Registration Statement on Form 10 of nVent Electric plc filed with the Commission on March 26, 2018 (File No. 001-38265)).
- [4.3](#) Second Supplemental Indenture, dated as of March 26, 2018, among nVent Finance S.à r.l, nVent Electric plc, Pentair plc, Pentair Investments Switzerland GmbH and U.S. Bank National Association (incorporated by reference to Exhibit 4.3 to Amendment No. 4 to the Registration Statement on Form 10 of nVent Electric plc filed with the Commission on March 26, 2018 (File No. 001-38265)).
- [4.4](#) Third Supplemental Indenture, dated as of April 30, 2018, among nVent Finance S.à r.l, nVent Electric plc and U.S. Bank National Association (incorporated by reference to Exhibit 4.1 in the Current Report on Form 8-K of nVent Electric plc filed with the Commission on April 30, 2018 (File No. 001-38265)).
- [4.5](#) Credit Agreement, dated as of March 23, 2018, among nVent Electric plc, nVent Finance S.à r.l., Pentair Technical Products Holdings, Inc. and the lenders and agents party thereto (incorporated by reference to Exhibit 4.4 to Amendment No. 4 to the Registration Statement on Form 10 of nVent Electric plc filed with the Commission on March 26, 2018 (File No. 001-38265)).
- [10.1](#) nVent Electric plc 2018 Omnibus Incentive Plan (incorporated by reference to Exhibit 10.2 in the Current Report on Form 8-K of nVent Electric plc filed with the Commission on April 30, 2018 (File No. 001-38265)).
- [10.2](#) Form of Executive Officer Stock Option Award Agreement (incorporated by reference to Exhibit 10.2 in the Quarterly Report on Form 10-Q of nVent Electric plc filed with the Commission on May 8, 2018 (File No. 001-38265)).
- [10.3](#) Form of Executive Officer Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.3 in the Quarterly Report on Form 10-Q of nVent Electric plc filed with the Commission on May 8, 2018 (File No. 001-38265)).
- [10.4](#) Form of Executive Officer Performance Stock Unit Award Agreement (incorporated by reference to Exhibit 10.4 in the Quarterly Report on Form 10-Q of nVent Electric plc filed with the Commission on May 8, 2018 (File No. 001-38265)).

- [**10.5**](#) nVent Electric plc Management Incentive Plan (incorporated by reference to Exhibit 10.5 in the Quarterly Report on Form 10-Q of nVent Electric plc filed with the Commission on May 8, 2018 (File No. 001-38265)).
- [**10.6**](#) Form of Non-Employee Director Restricted Stock Unit Award Agreement (incorporated by reference to Exhibit 10.6 in the Quarterly Report on Form 10-Q of nVent Electric plc filed with the Commission on May 8, 2018 (File No. 001-38265)).
- [**10.7**](#) Form of Key Executive Employment and Severance Agreement for Beth A. Wozniak, Michael B. Faulconer, Lynnette R. Heath, Jon D. Lammers, Stacy P. McMahan, Thomas F. Pettit, Joseph A. Ruzynski, Benjamin R. Sommerness and Randolph A. Wacker (incorporated by reference to Exhibit 10.6 to Amendment No. 2 to the Registration Statement on Form 10 of nVent Electric plc filed with the Commission on January 31, 2018 (File No. 001-38265)).
- [**10.8**](#) nVent Electric plc Employee Stock Purchase and Bonus Plan (incorporated by reference to Exhibit 10.3 in the Current Report on Form 8-K of nVent Electric plc filed with the Commission on April 30, 2018 (File No. 001-38265)).
- [**10.9**](#) nVent Management Company Non-Qualified Deferred Compensation Plan (incorporated by reference to Exhibit 10.4 in the Current Report on Form 8-K of nVent Electric plc filed with the Commission on April 30, 2018 (File No. 001-38265)).
- [**10.10**](#) nVent Electric plc Compensation Plan for Non-Employee Directors (incorporated by reference to Exhibit 10.10 in the Quarterly Report on Form 10-Q of nVent Electric plc filed with the Commission on May 8, 2018 (File No. 001-38265)).
- [**10.11**](#) nVent Management Company Supplemental Executive Retirement Plan (incorporated by reference to Exhibit 10.5 in the Current Report on Form 8-K of nVent Electric plc filed with the Commission on April 30, 2018 (File No. 001-38265)).
- [**10.12**](#) Flow Control Supplemental Savings and Retirement Plan (incorporated by reference to Exhibit 10.12 to Amendment No. 2 to the Registration Statement on Form 10 of nVent Electric plc filed with the Commission on January 31, 2018 (File No. 001-38265)).
- [**10.13**](#) Form of Deed of Indemnification for directors and executive officers of nVent Electric plc (incorporated by reference to Exhibit 10.4 to Amendment No. 2 to the Registration Statement on Form 10 of nVent Electric plc filed with the Commission on January 31, 2018 (File No. 001-38265)).
- [**10.14**](#) Form of Indemnification Agreement for directors and executive officers of nVent Electric plc (incorporated by reference to Exhibit 10.5 to Amendment No. 2 to the Registration Statement on Form 10 of nVent Electric plc filed with the Commission on January 31, 2018 (File No. 001-38265)).
- [**10.15**](#) Form of Key Executive Employment and Severance Agreement for Robert J. van der Kolk.
- [**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's Quarterly Report on Form 10-Q for the quarter ended June 30, 2018 are filed herewith, formatted in XBRL (Extensible Business Reporting Language): (i) the Condensed Consolidated and Combined Statements of Income and Comprehensive Income for the three and six months ended June 30, 2018 and 2017, (ii) the Condensed Consolidated and Combined Balance Sheets as of June 30, 2018 and December 31, 2017, (iii) the Condensed Consolidated and Combined Statements of Cash Flows for the three and six months ended June 30, 2018 and 2017, (iv) the Condensed Consolidated and Combined Statements of Changes in Equity for the three and six months ended June 30, 2018 and 2017, and (v) Notes to Condensed Consolidated and Combined Financial Statements.

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 July 26, 2018 .

nVent Electric plc
Registrant

By /s/ Stacy P. McMahan
Stacy P. McMahan
Executive Vice President and Chief Financial Officer

By /s/ Randolph A. Wacker
Randolph A. Wacker
Senior Vice President and Chief Accounting Officer

KEY EXECUTIVE EMPLOYMENT AND SEVERANCE AGREEMENT

THIS AGREEMENT , made and entered into as of the ____ day of _____, 20__, by and between nVent Electric plc, an Irish public limited company (hereinafter referred to as the “Company”), and _____ (hereinafter referred to as the “Executive”).

W I T N E S S E T H

WHEREAS , the Executive is employed by the Company and/or a subsidiary of the Company (hereinafter referred to collectively as the “Employer”) in a key executive capacity and the Executive’s services are valuable to the conduct of the business of the Company;

WHEREAS , the Company desires to continue to attract and retain dedicated and skilled management employees in a period of industry consolidation, consistent with achieving the best possible value for its shareholders in any change in control of the Company;

WHEREAS , the Company recognizes that circumstances may arise in which a change in control of the Company occurs, through acquisition or otherwise, thereby causing a potential conflict of interest between the Company’s needs for the Executive to remain focused on the Company’s business and for the necessary continuity in management prior to and following a change in control, and the Executive’s reasonable personal concerns regarding future employment with the Employer and economic protection in the event of loss of employment as a consequence of a change in control;

WHEREAS , the Company and the Executive are desirous that any proposal for a change in control or acquisition of the Company will be considered by the Executive objectively and with reference only to the best interests of the Company and its shareholders;

WHEREAS , the Executive will be in a better position to consider the Company’s best interests if the Executive is afforded reasonable economic security, as provided in this Agreement, against altered conditions of employment which could result from any such change in control or acquisition;

WHEREAS , the Executive possesses intimate knowledge of the business and affairs of the Company and has acquired certain confidential information and data with respect to the Company; and

WHEREAS , the Company desires to insure, insofar as possible, that it will continue to have the benefit of the Executive’s services and to protect its confidential information and goodwill.

NOW, THEREFORE , in consideration of the foregoing and of the mutual covenants and agreements hereinafter set forth, the parties hereto mutually covenant and agree as follows:

1. Definitions.

(a) Accrued Benefits. The Executive's "Accrued Benefits" shall include the following amounts, payable as described herein: (i) all base salary for the time period ending with the Termination Date; (ii) reimbursement for any and all monies advanced in connection with the Executive's employment for reasonable and necessary expenses incurred by the Executive on behalf of the Employer for the time period ending with the Termination Date; (iii) any and all other cash earned through the Termination Date and deferred at the election of the Executive or pursuant to any deferred compensation plan then in effect; (iv) notwithstanding any provision of any cash bonus or cash incentive compensation plan applicable to the Executive, but subject to any irrevocable deferral election then in effect, a lump sum amount, in cash, equal to the sum of (A) any cash bonus or cash incentive compensation that has been allocated or awarded to the Executive for a fiscal year or other measuring period under the plan that ends prior to the Termination Date but has not yet been paid (pursuant to Section 5(e) or otherwise) and (B) a pro rata portion to the Termination Date of the aggregate value of all contingent bonus or incentive compensation awards to the Executive for all uncompleted periods under the plan calculated as to each such award as if the Goals with respect to such bonus or incentive compensation award had been attained; and (v) all other payments and benefits to which the Executive (or in the event of the Executive's death, the Executive's surviving spouse or other beneficiary) may be entitled on the Termination Date as compensatory fringe benefits or under the terms of any benefit plan of the Employer, excluding severance payments under any Employer severance policy, practice or agreement in effect on the Termination Date. Payment of Accrued Benefits shall be made promptly in accordance with the Company's prevailing practice with respect to clauses (i) and (ii) or, with respect to clauses (iii), (iv) and (v), pursuant to the terms of the benefit plan or practice establishing such benefits.

(b) Act. The term "Act" means the Securities Exchange Act of 1934, as amended.

(c) Affiliate and Associate. The terms "Affiliate" and "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Act.

(d) Annual Cash Compensation. The term "Annual Cash Compensation" shall mean the sum of (i) the Executive's Annual Base Salary (determined as of the time of the Change in Control of the Company or, if higher, immediately prior to the date the Notice of Termination is given) plus (ii) an amount equal to the greatest of the Executive's annual cash incentive target bonus for the fiscal year in which the Termination Date occurs, the annual cash incentive bonus the Executive received during the fiscal year prior to the Change in Control of the Company or the annual cash incentive bonus the Executive received with respect to the fiscal year prior to the Change in Control of the Company (the aggregate amount set forth in clause (i) and clause (ii) shall hereafter be referred to as the "Annual Cash Compensation").

(e) Beneficial Owner. A Person shall be deemed to be the "Beneficial Owner" of any securities:

(i) which such Person or any of such Person's Affiliates or Associates has the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding, or upon the exercise of conversion rights, exchange rights, rights, warrants or options, or otherwise; *provided, however*, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, (A) securities tendered pursuant to a tender or exchange offer made by or on behalf of such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for purchase, or (B) securities issuable upon exercise of any rights issued pursuant to the terms of any rights agreement of the Company, at any time before the issuance of such securities;

(ii) which such Person or any of such Person's Affiliates or Associates, directly or indirectly, has the right to vote or dispose of or has "beneficial ownership" of (as determined pursuant to Rule 13d-3 of the General Rules and Regulations under the Act), including pursuant to any agreement, arrangement or understanding; *provided, however*, that a Person shall not be deemed the Beneficial Owner of, or to beneficially own, any security under this clause (ii) as a result of an agreement, arrangement or understanding to vote such security if the agreement, arrangement or understanding: (A) arises solely from a revocable proxy or consent given to such Person in response to a public proxy or consent solicitation made pursuant to, and in accordance with, the applicable rules and regulations under the Act and (B) is not also then reportable on a Schedule 13D under the Act (or any comparable or successor report); or

(iii) which are beneficially owned, directly or indirectly, by any other Person with which such Person or any of such Person's Affiliates or Associates has any agreement, arrangement or understanding for the purpose of acquiring, holding, voting (except pursuant to a revocable proxy as described in clause (ii) above) or disposing of any voting securities of the Company.

(f) Cause. "Cause" for termination by the Employer of the Executive's employment shall be limited to (i) the engaging by the Executive in intentional conduct that the Company establishes, by clear and convincing evidence, has caused demonstrable and serious financial injury to the Employer, as evidenced by a determination in a binding and final judgment, order or decree of a court or administrative agency of competent jurisdiction, in effect after exhaustion or lapse of all rights of appeal, in an action, suit or proceeding, whether civil, criminal, administrative or investigative; (ii) the Executive's conviction of a felony (as evidenced by binding and final judgment, order or decree of a court of competent jurisdiction, in effect after exhaustion of all rights of appeal); or (iii) continuing willful and unreasonable refusal by the Executive to perform the Executive's duties or responsibilities (unless significantly changed without the Executive's consent).

(g) Change in Control of the Company. A “Change in Control of the Company” shall be deemed to have occurred if an event set forth in any one of the following paragraphs shall have occurred:

(i) any Person (other than (A) the Company or any of its subsidiaries, (B) a trustee or other fiduciary holding securities under any employee benefit plan of the Company or any of its subsidiaries, (C) an underwriter temporarily holding securities pursuant to an offering of such securities or (D) a corporation owned, directly or indirectly, by the shareholders of the Company in substantially the same proportions as their ownership of stock in the Company (“Excluded Persons”)) is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates after the date of this Agreement, pursuant to express authorization by the Board that refers to this exception) representing 30% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company’s then outstanding voting securities; or

(ii) the following individuals cease for any reason to constitute a majority of the number of directors of the Company then serving: (A) individuals who, on the date of this Agreement constituted the Board and (B) any new director (other than a director whose initial assumption of office is in connection with an actual or threatened election contest, including but not limited to a consent solicitation, relating to the election of directors of the Company, as such terms are used in Rule 14a 11 of Regulation 14A under the Act) whose appointment or election by the Board or nomination for election by the Company’s shareholders was approved by a vote of at least two-thirds (2/3) of the directors then still in office who either were directors on the date of this Agreement, or whose appointment, election or nomination for election was previously so approved (collectively the “Continuing Directors”); *provided, however* , that individuals who are appointed to the Board pursuant to or in accordance with the terms of an agreement relating to a merger, consolidation, or share exchange involving the Company (or any direct or indirect subsidiary of the Company) shall not be Continuing Directors for purposes of this Agreement until after such individuals are first nominated for election by a vote of at least two-thirds (2/3) of the then Continuing Directors and are thereafter elected as directors by the shareholders of the Company at a meeting of shareholders held following consummation of such merger, consolidation, or share exchange; and, *provided further* , that in the event the failure of any such persons appointed to the Board to be Continuing Directors results in a Change in Control of the Company, the subsequent qualification of such persons as Continuing Directors shall not alter the fact that a Change in Control of the Company occurred; or

(iii) the consummation of a merger, consolidation or share exchange of the Company with any other corporation or the issuance of voting securities of the Company in connection with a merger, consolidation or share exchange of the Company (or any direct or indirect subsidiary of the Company), in each case, which requires approval of the shareholders of the Company, other than (A) a merger, consolidation or share exchange which would result in the voting securities of the Company outstanding immediately prior to such merger, consolidation or share exchange continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or any parent thereof) at least 50% of the combined voting power of the voting securities of the Company or such surviving entity or any parent thereof outstanding immediately after such merger, consolidation or share exchange, or (B) a merger, consolidation or share exchange effected to implement a recapitalization of the Company (or similar transaction) in which no Person (other than an Excluded Person) is or becomes the Beneficial Owner, directly or indirectly, of securities of the Company (not including in the securities beneficially owned by such Person any securities acquired directly from the Company or its Affiliates after the date of this Agreement, pursuant to express authorization by the Board that refers to this exception) representing 30% or more of either the then outstanding shares of common stock of the Company or the combined voting power of the Company's then outstanding voting securities; or

(iv) the consummation of a plan of complete liquidation or dissolution of the Company or a sale or disposition by the Company of all or substantially all of the Company's assets (in one transaction or a series of related transactions within any period of 24 consecutive months), in each case, which requires approval of the shareholders of the Company, other than a sale or disposition by the Company of all or substantially all of the Company's assets to an entity at least 75% of the combined voting power of the voting securities of which are owned by Persons in substantially the same proportions as their ownership of the Company immediately prior to such sale.

Notwithstanding the foregoing, no "Change in Control of the Company" shall be deemed to have occurred if there is consummated any transaction or series of integrated transactions immediately following which the record holders of the common stock of the Company immediately prior to such transaction or series of transactions continue to own, directly or indirectly, in the same proportions as their ownership in the Company, an entity that owns all or substantially all of the assets or voting securities of the Company immediately following such transaction or series of transactions.

(h) Covered Termination. Subject to Section 2(b), the term "Covered Termination" means any termination of employment from the Employer during the Employment Period where the Termination Date or the date Notice of Termination is delivered is any date prior to the end of the Employment Period.

(i) Employment Period. Subject to Section 2(b), the term “Employment Period” means a period commencing on the date of a Change in Control of the Company, and ending at 11:59 p.m. Central Time on the earlier of the second anniversary of such date or the Executive’s Normal Retirement Date.

(j) Good Reason. The Executive shall have “Good Reason” for termination of employment in the event of any of the following without the Executive’s prior written consent:

(i) any breach of this Agreement by the Employer, including specifically any breach by the Employer of the agreements contained in Section 3, Section 4, Section 5, or Section 6, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith that the Employer remedies within ten (10) days after receipt of written notice thereof given by the Executive;

(ii) any reduction in the Executive’s (A) base salary, (B) percentage of base salary available as cash incentive compensation or bonus opportunity, (C) grant date fair value of annual equity-based awards or (D) other benefits, in each case relative to those most favorable to the Executive in effect at any time during the 180-day period prior to the Change in Control of the Company or, to the extent more favorable to the Executive, those in effect at any time during the Employment Period;

(iii) the removal of the Executive from, or any failure to reelect or reappoint the Executive to, any of the positions held with the Employer on the date of the Change in Control of the Company or any other positions with the Employer to which the Executive shall thereafter be elected, appointed or assigned, except in the event that such removal or failure to reelect or reappoint relates to the termination by the Employer of the Executive’s employment for Cause or by reason of disability pursuant to Section 12;

(iv) a good faith determination by the Executive that there has been a material adverse change in the Executive’s working conditions or status with the Employer relative to the most favorable working conditions or status in effect during the 180-day period prior to the Change in Control of the Company, or, to the extent more favorable to the Executive, those in effect at any time during the Employment Period, including but not limited to (A) a significant change in the nature or scope of the Executive’s authority, powers, functions, duties or responsibilities, or (B) a significant reduction in the level of support services, staff, secretarial and other assistance, office space and accoutrements, but in each case excluding for this purpose an isolated, insubstantial and inadvertent event not occurring in bad faith that the Employer remedies within ten (10) days after receipt of written notice thereof given by the Executive;

(v) the relocation of the Executive’s principal place of employment to a location more than 50 miles from the Executive’s principal place of employment on the date

180 days prior to the Change in Control of the Company (or if the Executive has not been employed for 180 days prior to the Change in Control of the Company, as in effect on the date the Executive entered into this Agreement);

(vi) the Employer requires the Executive to travel on Employer business 20% in excess of the average number of days per month the Executive was required to travel during the 180-day period prior to the Change in Control of the Company; or

(vii) failure by the Company to obtain the Agreement referred to in Section 17(a) as provided therein.

(k) Normal Retirement Date. The term “Normal Retirement Date” means the Executive’s attainment of age sixty-five (65).

(l) Person. The term “Person” shall mean any individual, firm, partnership, corporation or other entity, including any successor (by merger or otherwise) of such entity, or a group of any of the foregoing acting in concert.

(m) Termination Date. Except as otherwise provided in Section 2(b), Section 10(b), and Section 17(a), the term “Termination Date” means (i) if the Executive’s termination of employment is by the Executive’s death, the date of death; (ii) if the Executive’s termination of employment is by reason of voluntary early retirement, as agreed in writing by the Employer and the Executive, the date of such early retirement which is set forth in such written agreement; (iii) if the Executive’s termination of employment is, for purposes of this Agreement, by reason of disability pursuant to Section 12, the earlier of thirty (30) days after the Notice of Termination is given or one day prior to the end of the Employment Period; (iv) if the Executive’s termination of employment is by the Executive voluntarily (other than for Good Reason), the date the Notice of Termination is given; and (v) if the Executive’s termination of employment is by the Employer (other than by reason of disability pursuant to Section 12) or by the Executive for Good Reason, the earlier of thirty (30) days after the Notice of Termination is given or one day prior to the end of the Employment Period. Notwithstanding the foregoing,

(A) If termination is for Cause pursuant to Section 1(f)(iii) and if the Executive has cured the conduct constituting such Cause as described by the Employer in its Notice of Termination within such 30-day or shorter period, then the Executive’s employment hereunder shall continue as if the Employer had not delivered its Notice of Termination.

(B) If the Executive shall in good faith give a Notice of Termination for Good Reason and the Employer notifies the Executive that a dispute exists concerning the termination within the 15-day period following receipt thereof, then the Executive may elect to continue his or her employment during such dispute and the Termination Date shall be determined under this paragraph. If the Executive so

elects and it is thereafter determined that Good Reason did exist, the Termination Date shall be the earliest of (1) the date on which the dispute is finally determined, either (x) by mutual written agreement of the parties or (y) in accordance with Section 22, (2) the date of the Executive's death or (3) one day prior to the end of the Employment Period. If the Executive so elects and it is thereafter determined that Good Reason did not exist, then the employment of the Executive hereunder shall continue after such determination as if the Executive had not delivered the Notice of Termination asserting Good Reason and there shall be no Termination Date arising out of such Notice. In either case, this Agreement continues, until the Termination Date, if any, as if the Executive had not delivered the Notice of Termination except that, if it is finally determined that Good Reason did exist, the Executive shall in no case be denied the benefits described in Section 9 (including a Termination Payment) based on events occurring after the Executive delivered his Notice of Termination.

(C) Except as provided in Section 1(m)(B), if the party receiving the Notice of Termination notifies the other party that a dispute exists concerning the termination within the appropriate period following receipt thereof and it is finally determined that the reason asserted in such Notice of Termination did not exist, then (1) if such Notice was delivered by the Executive, the Executive will be deemed to have voluntarily terminated his employment and the Termination Date shall be the earlier of the date 15 days after the Notice of Termination is given or one day prior to the end of the Employment Period and (2) if delivered by the Company, the Company will be deemed to have terminated the Executive other than by reason of death, disability or Cause.

Capitalized terms used in this Agreement not defined in this Section 1 have the meanings assigned in the other sections of this Agreement. The definitions of the following terms may be found in the sections indicated:

<u>Term</u>	<u>Section</u>
Annual Base Salary	Section 5(a)
Base Period Income	Section 9(b)(iii)
Bonus Amount	Section 5(e)(i)
Bonus Plan	Section 5(e)
Company Incentive Plan	Section 5(e)(iii)
Expenses	Section 15
Goals	Section 5(e)(iii)
Notice of Termination	Section 13
Plans	Section 9(c)(iv)
Termination Payment	Section 9(a)
Total Payments	Section 9(b)(i)

2. Termination or Cancellation Prior to Change in Control.

(a) Subject to Section 2(b), the Employer and the Executive shall each retain the right to terminate the employment of the Executive at any time and for any reason (or no reason) prior to a Change in Control of the Company. Subject to Section 2(b), in the event that prior to a Change in Control of the Company (i) the Executive's employment is terminated or (ii) as determined in writing by the Compensation Committee of the Board of Directors of the Company in its sole discretion, the Executive's authority, powers, functions, duties, responsibilities or pay grade are materially reduced, this Agreement shall be terminated and cancelled and of no further force and effect, and any and all rights and obligations of the parties hereunder shall cease.

(b) Anything in this Agreement to the contrary notwithstanding, if the Executive's employment with the Employer is terminated by the Employer (other than a termination due to the Executive's death or as a result of the Executive's disability (as determined under Section 12.) during the period of 180 days prior to the date on which a Change in Control of the Company occurs, and if it is reasonably demonstrated by the Executive that such termination of employment (i) was at the request of a third party who has taken steps reasonably calculated to effect a Change in Control of the Company or (ii) otherwise arose in connection with or in anticipation of a Change in Control of the Company, then for all purposes of this Agreement such termination of employment shall be deemed a "Covered Termination," a "Notice of Termination" shall be deemed to have been given, and the "Employment Period" shall be deemed to have begun on the date of such termination which shall be deemed to be the "Termination Date" and the date of the Change of Control of the Company for purposes of this Agreement. Anything in this Agreement to the contrary notwithstanding, if the Executive's authority, powers, functions, duties, responsibilities or pay grade were reduced pursuant to Section 2(a)(ii) during the period of 180 days prior to the date on which the Change in Control of the Company occurs, and if it is reasonably demonstrated by the Executive that such reduction in authority, powers, functions, duties, responsibilities or pay grade (i) was at the request of a third party who has taken steps reasonably calculated to effect a Change in Control of the Company or (ii) otherwise arose in connection with or in anticipation of a Change in Control of the Company, then the termination and cancellation of this Agreement pursuant to Section 2(a) shall be deemed null and void, this Agreement shall be deemed to remain in full force and effect with any and all rights and obligations of the parties hereunder continuing and such reduction in authority, powers, functions, duties, responsibilities or pay grade shall be considered "Good Reason" for the Executive to terminate employment in connection with a Change in Control of the Company.

(c) Notwithstanding anything herein to the contrary, if the Executive relocates to the United States, or if the Executive becomes subject to the United States Internal Revenue Code, and at such time Executive remains employed in a position for which a Key Executive Employment and Severance Agreement is applicable, then the Employer may, without the Executive's consent, amend this Agreement or, alternatively, provide Executive with a replacement agreement, in either case, to

conform to the approved form of Key Executive Employment and Severance Agreement for executives employed in the United States.

3. Employment Period. If a Change in Control of the Company occurs when the Executive is employed by the Employer, the Employer will continue thereafter to employ the Executive during the Employment Period, and the Executive will remain in the employ of the Employer in accordance with and subject to the terms and provisions of this Agreement. Any termination of employment during the Employment Period, whether by the Company or the Employer, shall be deemed a termination by the Company for purposes of this Agreement.

4. Duties. During the Employment Period, the Executive shall, in the same capacities and positions held by the Executive at the time of the Change in Control of the Company or in such other capacities and positions as may be agreed to by the Employer and the Executive in writing, devote the Executive's best efforts and all of the Executive's business time, attention and skill to the business and affairs of the Employer, as such business and affairs now exist and as they may hereafter be conducted.

5. Compensation. During the Employment Period, the Executive shall be compensated as follows:

(a) The Executive shall receive, at reasonable intervals (but not less often than monthly) and in accordance with such standard policies as may be in effect immediately prior to the Change in Control of the Company, an annual base salary in cash equivalent of not less than twelve times the Executive's highest monthly base salary for the twelve-month period immediately preceding the month in which the Change in Control of the Company occurs or, if higher, annual base salary at the rate in effect immediately prior to the Change in Control of the Company (which base salary shall, unless otherwise agreed in writing by the Executive or subject to any irrevocable deferral election then in effect, include the current receipt by the Executive of any amounts which, prior to the Change in Control of the Company, the Executive had elected to defer, subject to adjustment as hereinafter provided in Section 6 (such salary amount as adjusted upward from time to time is hereafter referred to as the "Annual Base Salary").

(b) The Executive shall receive fringe benefits at least equal in value to the highest value of such benefits provided for the Executive at any time during the 180-day period immediately prior to the Change in Control of the Company or, if more favorable to the Executive, those provided generally at any time during the Employment Period to any executives of the Employer of comparable status, position, and work location to the Executive; and shall be reimbursed, at such intervals and in accordance with such standard policies that are most favorable to the Executive that were in effect at any time during the 180-day period immediately prior to the Change in Control of the Company, for any and all monies advanced in connection with the Executive's employment for reasonable and necessary expenses incurred by the Executive on behalf of the Employer, including travel expenses.

(c) The Executive and/or the Executive's family, as the case may be, shall be included, to the extent eligible thereunder (which eligibility shall not be conditioned on the Executive's salary grade or on any other requirement which excludes persons of comparable status to the Executive unless such exclusion was in effect for such plan or an equivalent plan at any time during the 180-day period immediately prior to the Change in Control of the Company), in any and all plans providing benefits for the Employer's salaried employees in general, including but not limited to group life insurance, hospitalization, medical, dental, profit sharing and stock bonus plans; *provided, that*, (i) in no event shall the aggregate level of benefits under such plans in which the Executive is included be less than the aggregate level of benefits under plans of the Employer of the type referred to in this Section 5(c) in which the Executive was participating at any time during the 180-day period immediately prior to the Change in Control of the Company and (ii) in no event shall the aggregate level of benefits under such plans be less than the aggregate level of benefits under plans of the type referred to in this Section 5(c) provided at any time after the Change in Control of the Company to any executive of the Employer of comparable status and position to the Executive.

(d) The Executive shall annually be entitled to not less than the amount of paid vacation and not fewer than the highest number of paid holidays to which the Executive was entitled annually at any time during the 180-day period immediately prior to the Change in Control of the Company or such greater amount of paid vacation and number of paid holidays as may be made available annually to other executives of the Employer of comparable status and position to the Executive at any time during the Employment Period.

(e) Subject to applicable law, the Executive shall be included in all plans providing additional benefits to executives of the Employer of comparable status and position to the Executive, including but not limited to short- or long-term cash-based incentive compensation plans (such plan or plans together, the "Bonus Plan"), deferred compensation plans, supplemental retirement plans, equity awards, and similar or comparable plans; *provided, that*, unless otherwise provided in clauses (i) or (ii) below, in no event shall the aggregate level of benefits under such plans or awards be less than the higher of (x) the highest aggregate level of benefits under plans of the Employer of the type referred to in this Section 5(e) in which the Executive was participating at any time during the 180-day period immediately prior to the Change in Control of the Company and (y) the aggregate levels of benefits under plans of the type referred to in this Section 5(e) provided at any time after the Change in Control of the Company to any executive of the Employer comparable in status and position to the Executive.

(i) With respect to the Bonus Plan, the amount of the compensation (the "Bonus Amount") that the Executive is eligible to earn under the Bonus Plan if the threshold, target and maximum performance objectives are met shall be no less than the highest threshold, target and maximum amounts, respectively, that Executive was eligible to receive under awards outstanding under the Employer's short- or long-term cash-based incentive compensation plan or plans as in effect at any time during the 180-day period immediately prior to the Change in Control of the Company; *provided that* the amount Executive is

eligible to earn shall in no event be lower than the amount of short- or long-term cash-based incentive compensation that any executive of the Employer comparable in status and position to the Executive is eligible to earn. Payment of the Bonus Amount, if earned, shall not be affected by the Executive's termination of employment after the end of the Employment Period.

(ii) With respect to equity awards, the Executive shall annually receive awards under one or more equity-based compensation plan or plans of the Employer. Such annual equity awards shall have a grant date fair value at least equal to the aggregate grant date fair value of the largest equity-based awards granted to the Executive at any time during the one-year period immediately prior to the Change in Control of the Company, measured, in each case, as a multiple of the Executive's Annual Base Salary; *provided that*, solely for purposes of determining the grant date fair value of the largest equity-based awards granted to the Executive during such one-year period immediately prior to the Change in Control of the Company, any inducement awards or other awards that are intended to be non-recurring shall be disregarded or, to the extent such awards are intended to replace more than one annual award, shall be pro-rated so that only a one-year portion of the award shall be counted; and *provided further* that the grant date fair value of the equity awards granted to the Executive shall in no event be lower than the grant date fair value of the annual equity-based awards granted to any executive of the Employer comparable in status and position to the Executive.

(iii) To the extent any compensation that the Executive has an opportunity to earn after a Change in Control of the Company is subject to achieving performance objectives, such performance objectives shall be established and communicated in writing to the Executive within the first ninety (90) days of the performance period and shall be reasonably related to the business of the Employer (the "Goals"). All Goals shall be attainable with approximately the same degree of probability as the most attainable goals under the Employer's performance-based compensation plan or plans as in effect at any time during the 180-day period immediately prior to the Change in Control of the Company (whether one or more, the "Company Incentive Plan") and in view of the Employer's existing and projected financial and business circumstances applicable at the time, and shall have a performance period that is no longer than the performance period corresponding to the most analogous type of compensation under the Company Incentive Plan.

6. Annual Compensation Adjustments. During the Employment Period, the Board of Directors of the Company (or an appropriate committee thereof) will consider and appraise, at least annually, the contributions of the Executive to the Company, and in accordance with the Company's practice prior to the Change in Control of the Company, due consideration shall be given to the upward adjustment of the Executive's Annual Base Salary, at least annually, (a)

commensurate with increases generally given to other executives of the Employer of comparable status and position to the Executive, and (b) as the scope of the Company's operations or the Executive's duties expand.

7. Termination For Cause or Without Good Reason. If there is a Covered Termination for Cause or due to the Executive's voluntarily terminating his employment other than for Good Reason (any such terminations to be subject to the procedures set forth in Section 13), then the Executive shall be entitled to receive only Accrued Benefits.

8. Termination Giving Rise to a Termination Payment and Certain Other Benefits. If there is a Covered Termination by the Executive for Good Reason, or by the Company other than by reason of (i) death, (ii) disability pursuant to Section 12, or (iii) Cause (any such terminations to be subject to the procedures set forth in Section 13), then (A) the Executive shall be entitled to receive Accrued Benefits and, in lieu of further base salary for periods following the Termination Date, as liquidated damages and additional severance pay and in consideration of the covenant of the Executive set forth in Section 14(a), the Termination Payment pursuant to Section 9(a), (B) all equity-based and cash incentive awards then held by the Executive that were granted prior to the Change in Control of the Company shall be subject to the terms of the equity or incentive plan under which the awards were granted and (C) all equity-based and cash incentive awards then held by the Executive that were granted on or after the Change in Control of the Company shall vest or be earned in full immediately upon such Covered Termination, with the amount or value of any performance-based awards determined based on the deemed achievement of all applicable performance conditions at 100% of target, without pro-rata.

9. Payments Upon Termination.

(a) Termination Payment. The "Termination Payment" shall be an amount equal to the Annual Cash Compensation times two. The Termination Payment shall be paid to the Executive in cash within ten (10) business days after the Termination Date. Notwithstanding the foregoing, in the event the Executive's Termination Date is pursuant to Section 2(b), the Termination Payment shall be paid within ten (10) business days after the date of the Change in Control of the Company (as defined without reference to Section 2(b)), without interest. Such lump sum payment shall not be reduced by any present value or similar factor, and the Executive shall not be required to mitigate the amount of the Termination Payment by securing other employment or otherwise, nor will such Termination Payment be reduced by reason of the Executive securing other employment or for any other reason, except as provided in subsection (b) below. The Termination Payment shall be in lieu of, and acceptance by the Executive of the Termination Payment shall constitute the Executive's release of any rights of the Executive to, any other cash severance payments under any Company severance policy, practice or agreement.

(b) Additional Benefits. If there is a Covered Termination and the Executive is entitled to Accrued Benefits and the Termination Payment, then the Company shall provide to the Executive the following additional benefits:

(i) The Executive shall receive until the end of the second calendar year following the calendar year in which the Executive's termination of employment occurs, at the expense of the Company, outplacement services, on an individualized basis at a level of service commensurate with the Executive's status with the Company immediately prior to the date of the Change in Control of the Company (or, if higher, immediately prior to the Executive's termination of employment), provided by a nationally recognized executive placement firm selected by the Company; *provided that* the cost to the Company of such services shall not exceed 10% of the Executive's Annual Base Salary.

(ii) To the extent permitted by applicable law, until the earlier of the end of the Employment Period or such time as the Executive has obtained new employment and is covered by benefits which in the aggregate are at least equal in value to the following benefits, the Executive shall continue to be covered, at the expense of the Company, by the same or equivalent life insurance, hospitalization, medical and dental coverage as was required hereunder with respect to the Executive immediately prior to the date the Notice of Termination is given. If the Executive is entitled to the Termination Payment pursuant to Section 2(b) and the benefits under this subsection (ii), then within ten (10) days following the Change in Control of the Company (determined without regard to Section 2(b)), the Company shall reimburse the Executive for any premiums the Executive paid for his or her hospitalization, medical and dental coverage provided by the Employer from the Executive's Termination Date through the date of the Change in Control of the Company (determined without regard to Section 2(b)).

(iii) The Company shall bear up to \$15,000 in the aggregate of fees and expenses of consultants and/or legal or accounting advisors engaged by the Executive to advise the Executive as to matters relating to the computation of benefits due and payable under this Section 9.

(iv) The Company shall cause the Executive to be fully and immediately vested in his account under any nonqualified defined contribution retirement plan of the Employer.

10. Death.

(a) Except as provided in Section 10(b), in the event of a Covered Termination due to the Executive's death, the Executive's estate, heirs and beneficiaries shall receive all the Executive's Accrued Benefits through the Termination Date.

(b) In the event the Executive dies after a Notice of Termination is given (i) by the Company or (ii) by the Executive for Good Reason, the Executive's estate, heirs and beneficiaries shall be entitled to the benefits described in Section 10(a) and, subject to the provisions of this Agreement, to such Termination Payment as the Executive would have been entitled to had the Executive lived, except that the Termination Payment shall be paid within 90 days following the date of the Executive's death, without interest thereon. For purposes of this Section 10(b), the Termination Date shall be the earlier of 30 days following the giving of the Notice of Termination, subject to extension pursuant to Section 1(q), or one day prior to the end of the Employment Period.

11. Retirement. If, during the Employment Period, the Executive and the Employer shall execute an agreement providing for the early retirement of the Executive from the Employer, or the Executive shall otherwise give notice that he is voluntarily choosing to retire early from the Employer, the Executive shall receive Accrued Benefits through the Termination Date; *provided, that* if the Executive's employment is terminated by the Executive for Good Reason or by the Company other than by reason of death, disability or Cause and the Executive also, in connection with such termination, elects voluntary early retirement, the Executive shall also be entitled to receive a Termination Payment pursuant to Section 9.

12. Termination for Disability. If, during the Employment Period, as a result of the Executive's disability due to physical or mental illness or injury (regardless of whether such illness or injury is job-related), the Executive shall have been absent from the Executive's duties hereunder on a full-time basis for a period of six consecutive months and, within 30 days after the Company notifies the Executive in writing that it intends to terminate the Executive's employment (which notice shall not constitute the Notice of Termination contemplated below), the Executive shall not have returned to the performance of the Executive's duties hereunder on a full-time basis, the Company may terminate the Executive's employment for purposes of this Agreement pursuant to a Notice of Termination given in accordance with Section 13. If the Executive's employment is terminated on account of the Executive's disability in accordance with this Section, the Executive shall receive Accrued Benefits through the Termination Date and shall remain eligible for all benefits provided by any long term disability programs of the Employer in effect at the time of such termination.

13. Termination Notice and Procedure. Any Covered Termination by the Company or the Executive (other than a termination of the Executive's employment that is a Covered Termination by virtue of Section 2(b)) shall be communicated by a written notice of termination

(“Notice of Termination”) to the Executive, if such Notice is given by the Company, and to the Company, if such Notice is given by the Executive, all in accordance with the following procedures and those set forth in Section 23 :

(a) If such termination is for disability, Cause or Good Reason, the Notice of Termination shall indicate in reasonable detail the facts and circumstances alleged to provide a basis for such termination.

(b) Any Notice of Termination by the Company shall have been approved, prior to the giving thereof to the Executive, by a resolution duly adopted by a majority of the directors of the Company (or any successor corporation) then in office.

(c) If the Notice is given by the Executive for Good Reason, the Executive may cease performing his duties hereunder on or after the date fifteen (15) days after the delivery of Notice of Termination and shall in any event cease employment on the Termination Date. If the Notice is given by the Company, then the Executive may cease performing his duties hereunder on the date of receipt of the Notice of Termination, subject to the Executive’s rights hereunder.

(d) The Executive shall have thirty (30) days, or such longer period as the Company may determine to be appropriate, to cure any conduct or act, if curable, alleged to provide grounds for termination of the Executive’s employment for Cause under this Agreement pursuant to Section 1(g)(iii).

(e) The recipient of any Notice of Termination shall personally deliver or mail in accordance with Section 23 written notice of any dispute relating to such Notice of Termination to the party giving such Notice within 15 days after receipt thereof; *provided, however* , that if the Executive’s conduct or act alleged to provide grounds for termination by the Company for Cause is curable, then such period shall be 30 days. After the expiration of such period, the contents of the Notice of Termination shall become final and not subject to dispute.

14. Further Obligations of the Executive.

(a) Competition. The Executive agrees that, in the event of any Covered Termination where the Executive is entitled to Accrued Benefits and the Termination Payment, the Executive shall not, for a period expiring one year after the Termination Date, without the prior written approval of the Company’s Board of Directors, (i) solicit for employment an employee of the Company or its subsidiaries or (ii) participate in the management of, be employed by or own any business enterprise at a location anywhere in the World that engages in substantial competition with the Company or its subsidiaries, where such enterprise’s revenues from any competitive activities amount to 10% or more of such enterprise’s net revenues and sales for its most recently completed fiscal year; *provided, however* , that nothing in this Section 14(a) shall prohibit the Executive from owning stock or other securities of a competitor amounting to less than five percent (5%) of the outstanding capital stock of such competitor.

(b) Confidentiality. During and following the Executive's employment by the Company, the Executive shall hold in confidence and not directly or indirectly disclose or use or copy or make lists of any confidential information or proprietary data of the Company (including that of the Employer), except to the extent authorized in writing by the Board of Directors of the Company or required by any court or administrative agency, other than to an employee of the Company or a person to whom disclosure is reasonably necessary or appropriate in connection with the performance by the Executive of duties as an executive of the Company. Confidential information shall not include any information known generally to the public or any information of a type not otherwise considered confidential by persons engaged in the same business or a business similar to that of the Company. All records, files, documents and materials, or copies thereof, relating to the business of the Company which the Executive shall prepare, or use, or come into contact with, shall be and remain the sole property of the Company and shall be promptly returned to the Company upon termination of employment with the Company. Notwithstanding anything to the contrary herein, however, nothing in this Agreement prohibits the Executive from reporting possible violations of local, state, foreign or federal law or regulation, or related facts, to any governmental agency or entity or making other reports or disclosures that, in each case, the Executive believes are protected under the whistleblower provisions of local, state, foreign or federal law or regulation. Without limitation, the Executive may report possible violations of law or regulation and related facts to the U.S. Department of Justice, the Securities and Exchange Commission, Congress, and any agency Inspector General. The Executive does not need the prior authorization of the Company (including, but not limited to, its law department) to make any such reports or disclosures, and the Executive does not need to notify the Company that the Executive has made such reports or disclosures. Making such reports or disclosures does not in any way have adverse consequences to the Executive under this Agreement.

15. Expenses and Interest. If, after a Change in Control of the Company, (a) a dispute arises with respect to the enforcement of the Executive's rights under this Agreement or (b) any legal or arbitration proceeding shall be brought to enforce or interpret any provision contained herein or to recover damages for breach hereof, in either case so long as the Executive is not acting in bad faith, then the Company shall reimburse the Executive for any reasonable attorneys' fees and necessary costs and disbursements incurred as a result of the dispute, legal or arbitration proceeding ("Expenses"), and prejudgment interest on any money judgment or arbitration award obtained by the Executive calculated at the rate of interest announced by U.S. Bank National Association, Minneapolis, Minnesota, from time to time at its prime or base lending rate from the date that payments to him should have been made under this Agreement. Within ten days after the Executive's written request therefore (but in no event later than the end of the calendar year following the calendar year in which such Expense is incurred), the Company shall reimburse the Executive, or such other person or entity as the Executive may designate in writing to the Company, the Executive's reasonable Expenses.

16. Payment Obligations Absolute. The Company's obligation during and after the Employment Period to pay the Executive the amounts and to make the benefit and other

arrangements provided herein shall be absolute and unconditional and shall not be affected by any circumstances, including, without limitation, any setoff, counterclaim, recoupment, defense or other right which the Company may have against him or her or anyone else. Except as provided in Section 15, all amounts payable by the Company hereunder shall be paid without notice or demand. Each and every payment made hereunder by the Company shall be final, and the Company will not seek to recover all or any part of such payment from the Executive, or from whomsoever may be entitled thereto, for any reason whatsoever.

17. Successors.

(a) If the Company sells, assigns or transfers all or substantially all of its business and assets to any Person or if the Company merges into or consolidates or otherwise combines (where the Company does not survive such combination) with any Person (any such event, a "Sale of Business"), then the Company shall assign all of its right, title and interest in this Agreement as of the date of such event to such Person, and the Company shall cause such Person, by written agreement in form and substance reasonably satisfactory to the Executive, to expressly assume and agree to perform from and after the date of such assignment all of the terms, conditions and provisions imposed by this Agreement upon the Company. Failure of the Company to obtain such written agreement prior to the effective date of such Sale of Business shall be a breach of this Agreement constituting "Good Reason" hereunder, except that for purposes of implementing the foregoing the date upon which such Sale of Business becomes effective shall be deemed the Termination Date. In case of such assignment by the Company and of assumption and agreement by such Person, as used in this Agreement, "Company" shall thereafter mean such Person which executes and delivers the agreement provided for in this Section 17 or which otherwise becomes bound by all the terms and provisions of this Agreement by operation of law, and this Agreement shall inure to the benefit of, and be enforceable by, such Person. The Executive shall, in his discretion, be entitled to proceed against any or all of such Persons, any Person which theretofore was such a successor to the Company and the Company (as so defined) in any action to enforce any rights of the Executive hereunder. Except as provided in this Section 17(a), this Agreement shall not be assignable by the Company. This Agreement shall not be terminated by the voluntary or involuntary dissolution of the Company.

(b) This Agreement and all rights of the Executive shall inure to the benefit of and be enforceable by the Executive's personal or legal representatives, executors, administrators, heirs and beneficiaries. All amounts payable to the Executive under Sections 3, 7, 8, 9, 10, 11, 12 and 15 if the Executive had lived shall be paid, in the event of the Executive's death, to the Executive's estate, heirs and representatives; *provided, however*, that the foregoing shall not be construed to modify any terms of any benefit plan of the Employer, as such terms are in effect on the date of the Change in Control of the Company, that expressly govern benefits under such plan in the event of the Executive's death.

18. Severability. The provisions of this Agreement shall be regarded as divisible, and if any of said provisions or any part hereof are declared invalid or unenforceable by a court of

competent jurisdiction, the validity and enforceability of the remainder of such provisions or parts hereof and the applicability thereof shall not be affected thereby.

19. Contents of Agreement; Waiver of Rights; Amendment. This Agreement sets forth the entire understanding between the parties hereto with respect to the subject matter hereof and shall supersede in all respects, and the Executive hereby waives all rights under, any prior or other agreement or understanding between the parties with respect to such subject matter, including, but not limited to any Key Executive Employment and Severance Agreement between the Company and the Executive entered into prior to the date hereof. Except as provided in Section 2(c), this Agreement may not be amended or modified at any time except by a written instrument executed by the Company and the Executive.

20. Withholding. The Company shall be entitled to withhold from amounts to be paid to the Executive hereunder any income tax, social insurance, payroll tax, fringe benefits tax, payment on account or other tax-related items ("Tax-Related Items") which it is from time to time required to withhold. Notwithstanding the foregoing, regardless of any action taken by the Company, the ultimate liability for all Tax-Related Items is and remains Executive's responsibility and may exceed the amount actually withheld by the Company, if any.

21. Certain Rules of Construction. No party shall be considered as being responsible for the drafting of this Agreement for the purpose of applying any rule construing ambiguities against the drafter or otherwise. No draft of this Agreement shall be taken into account in construing this Agreement. Any provision of this Agreement which requires an agreement in writing shall be deemed to require that the writing in question be signed by the Executive and an authorized representative of the Company.

22. Governing Law; Resolution of Disputes.

(a) This Agreement and the rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of Minnesota, without reference to the conflict of law principles thereof, except if and to the extent that a specific provision of this Agreement is superseded, in whole or in part, by a mandatory Dutch law provision, in which case it is the intention of the parties that such Dutch provision should be read as close as legally possible to the original, superseded provision applicable under laws of Minnesota.

(b) Any dispute arising out of this Agreement shall, at the Executive's election, be determined by arbitration under the rules of the American Arbitration Association then in effect (in which case both parties shall be bound by the arbitration award) or by litigation. Whether the dispute is to be settled by arbitration or litigation, the venue for the arbitration or litigation shall be Minneapolis, Minnesota or, at the Executive's election, if the Executive is not then residing or working in the Minneapolis, Minnesota metropolitan area, in the judicial district encompassing the city in which the Executive resides; *provided, that*, if the Executive is not then residing in the United States, the election

of the Executive with respect to such venue shall be either (i) Minneapolis, Minnesota or (ii) in the judicial district encompassing that city in the United States among the thirty cities having the largest population (as determined by the most recent United States Census data available at the Termination Date) which is closest to the Executive's residence or (iii) the local competent Dutch court closest to where the Executive resides. The parties consent to personal jurisdiction in each trial court in the selected venue having subject matter jurisdiction notwithstanding their residence or situs, and each party irrevocably consents to service of process in the manner provided hereunder for the giving of notices.

23. Notice. Notices given pursuant to this Agreement shall be in writing and, except as otherwise provided by Section 13(d), shall be deemed given when actually received by the Executive or actually received by the Company's Secretary or any officer of the Company other than the Executive. If mailed, such notices shall be mailed by United States registered or certified mail, return receipt requested, addressee only, postage prepaid, if to the Company, to nVent Electric plc, Attention: Secretary (or Chief Executive Officer, if the Executive is then Secretary), 1665 Utica Avenue, St. Louis Park, Minnesota 55416, or if to the Executive, at the address set forth below the Executive's signature to this Agreement, or to such other address as the party to be notified shall have theretofore given to the other party in writing.

24. No Waiver. No waiver by either party at any time of any breach by the other party of, or compliance with, any condition or provision of this Agreement to be performed by the other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time or any prior or subsequent time.

25. Headings. The headings herein contained are for reference only and shall not affect the meaning or interpretation of any provision of this Agreement.

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and year first above written.

NVENT ELECTRIC PLC

By: _____

Its:

Attest: _____

Its:

EXECUTIVE:

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: July 26, 2018

/s/ Beth A. Wozniak

Beth A. Wozniak

Chief Executive Officer

Certification

I, Stacy P. McMahan, 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: July 26, 2018

/s/ Stacy P. McMahan

Stacy P. McMahan

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 June 30, 2018 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: July 26, 2018

/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 June 30, 2018 as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Stacy P. McMahan, 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: July 26, 2018

/s/ Stacy P. McMahan

Stacy P. McMahan

Executive Vice President and Chief Financial Officer