



Size Call Spread in nVent Sees Upside Momentum Continuing

Ticker/Price: NVT (\$28)

Analysis:

nVent (NVT) with 20,000 August \$30/\$35 call spreads opening \$1.20, a name with very little notable open interest but shares with strength the last three weeks and clearing a 1 year downtrend. The timing is interesting after RBC upgraded to Outperform with a \$31 target yesterday noting the worst of the earnings reset due to industrial headwinds are in the past and prospects of a takeout are high as the company approaches the two-year anniversary of its spinoff while trading at a discounted valuation. The \$4.66B maker of electrical connecting and protection products trades 12X EBITDA, 14X Earnings and 26X FCF with a 2.5% dividend yield. NVT will speak at the Barclays Conference tomorrow. Forecasts see revenue growth returning in 2020 and accelerating quarterly while EBITDA growth seen around 4-5% the next two years annually. NVT is focused on improving utilization, lowering costs and maximizing customer up-time and has a strong margin profile with strong FCF. Analysts have an average target of \$29 with short interest low at 2% of the float. Barclays upgraded to Overweight on 2-6 with a \$32 target, and back in November Rosenblatt initiated at Buy seeing execution momentum and the earnings bar reset. Hedge Fund ownership jumped 11.8% in the latest quarterly filings, Peltz's Trian Fund a notable top holder.

Hawk Vision:



Hawk's Perspective: NVT is a bit extended near-term but an Industrial I liked before the slowdown across its end-markets and does make for an intriguing takeout target.

Confidence Ranking: \$\$