



# Seale & Associates

HVAC INDUSTRY  
Q4 2022  
VALUATION UPDATE

# Introduction

We are pleased to share our HVAC Industry Multiple Valuation Update for Q4 2022.

At Seale & Associates, we are committed to providing process-driven solutions designed to optimize value and achieve our clients' strategic objectives in a range of transactions including Mergers, Acquisitions, Divestitures and Carve-Outs, Business Sales, Recapitalizations, and Joint Ventures, among other corporate finance and strategy consulting services.

Over the course of 23+ years, we have successfully served clients all over the world, and we are delighted to continue providing investment banking advisory services to our HVAC Industry clients that are looking to grow through acquisitions or optimize their portfolios through strategic divestitures.

Seale has extensive experience advising leading multinational companies, private equity firms, and family-owned businesses across a wide range of industries.



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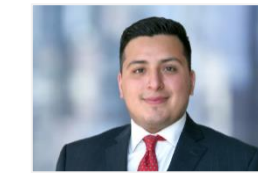
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# Sector relevant experience

Extensive M&A transaction experience, including:

**• Sale of HTPG to Monomoy Capital Partners and Starboard Capital Partners**

- Exclusive financial advisor to Carrier Corp., a subsidiary of United Technologies Corp., to help with the divestiture of Heat Transfer Products Group (HTPG), a manufacturer of commercial refrigeration equipment for the food service, food retail, and other non-consumable markets
- Seale assisted Carrier in preparing all deal marketing materials, researching and screening the potential buyers' universe, confidentially prequalifying potential buyers, and negotiating the transaction

**• Sale of International Cold Storage to CrownTonka and ThermalRite**

- Exclusive financial advisor to Carrier Corp., a subsidiary of United Technologies Corp., to help with the divestiture of International Cold Storage, its commercial walk-in cooler business
- Seale assisted Carrier Corp. with preparing all deal-related marketing materials, researching and screening the potential buyers' universe, confidentially prequalifying the potential buyers, and negotiating the transaction

**• Acquisition of HTPG by Rheem**

- Engaged as exclusive financial advisor to Rheem, a subsidiary of Paloma, to advise on acquisition opportunities in food service equipment
- Seale conducted extensive market research and prequalification to identify potential acquisition opportunities that fit the defined investment criteria and negotiated the transaction with HTPG

US\$1.275B

**BEIJER REF**

has acquired



HERITAGE DISTRIBUTION HOLDINGS



a portfolio company of

**L CATTERTON**

acquired a

**Specialty HVAC Company**




has sold

**Cal-o-Rex**


to



GRUPO INDUSTRIAL SOLTILLO



a subsidiary of




United Technologies

has sold

**HTPG**

A Division of Carrier Commercial Refrigeration, Inc.

to



MONOMOY and Starboard Capital Partners



a subsidiary of



United Technologies

has sold



INTERNATIONAL COLD STORAGE

to the shareholders of



CrownTonka and ThermalRite



has acquired



HTPG



has been acquired by



FEMSA



state WATER HEATERS

has been acquired by



AC Smith.



TRANE

Corporate Finance Advisory Services

# Highlighted Transaction

## Seale & Associates



**In 2022, Beijer Ref AB announced the acquisition of Heritage Distribution Holdings. The value of the transaction was US\$1.275 billion.**

“The acquisition of Heritage Distribution constitutes an important strategic step for Beijer Ref. The North American market is currently undergoing a shift towards electrification and energy efficiency, accelerated by regulatory changes.”

*Christopher Norbye*  
CEO of Beijer Ref AB

### **BEIJER REF**

- Buyer**  
Beijer Ref AB is focused on trading and distribution of HVAC/R products
- Foundation**  
1866
- Headquarters**  
Malmo, Sweden
- Employees**  
+4,500

### **HERITAGE** DISTRIBUTION HOLDINGS

- Target**  
Heritage Distribution Holdings, an American HVAC/R distributor in the US
- Foundation**  
2022
- Headquarters**  
Georgia, USA
- Employees**  
+800

SEALE & ASSOCIATES' SECTOR RELEVANT EXPERIENCE

# RHEEM

**TARGET:** Heat Transfer Products Group (HTPG)  
**TRANSACTION TYPE:** Buy-side Advisory  
**INDUSTRIES:** HVAC, Industrial machinery  
**GEOGRAPHY:** Georgia, USA

## SITUATION

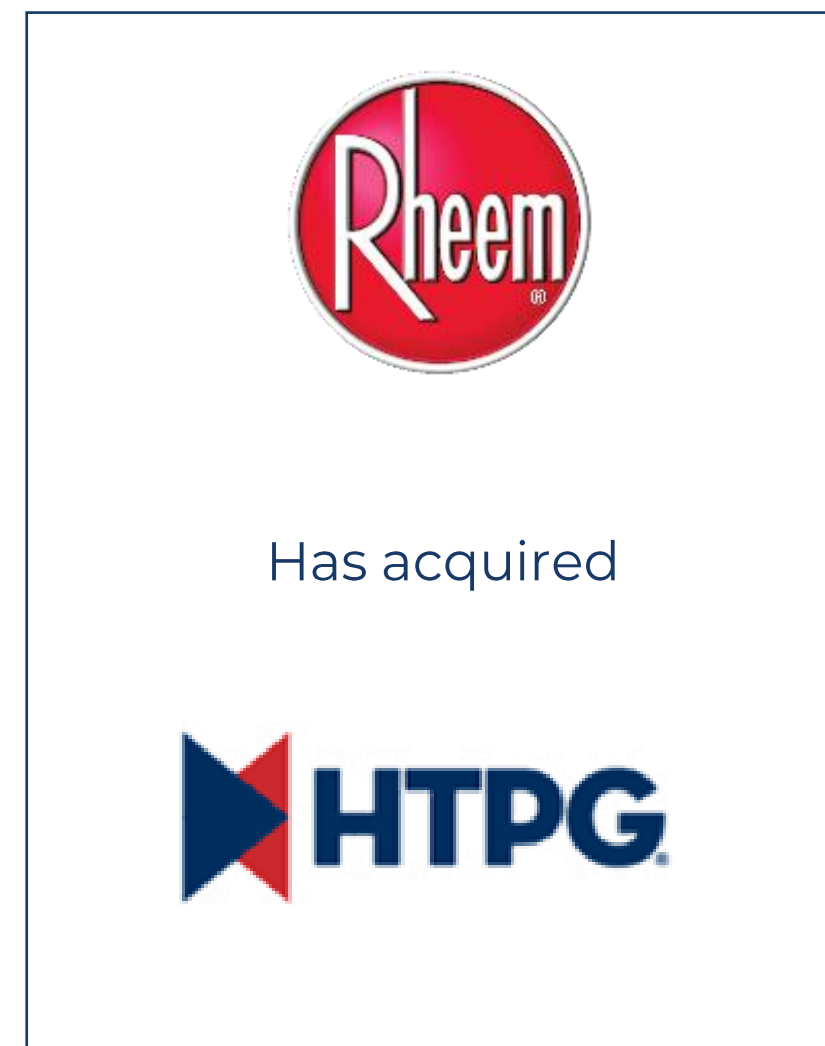
Seale & Associates was retained by Rheem Manufacturing Company to evaluate and execute strategic acquisitions across business lines. Seale advised Rheem on the successful acquisition of Heat Transfer Products Group (HTPG) in a competitive auction process. HTPG is a manufacturer of commercial refrigeration equipment for the food service, food retail and other non-consumables markets.

## SEALE & ASSOCIATES' APPROACH

Seale's professionals' knowledge and relationships in the HVAC and refrigeration industry allowed for a successful acquisition. Having previously sold the HTPG business to Monomoy Capital, Seale's unique insights on the target provided invaluable knowledge about the business.

## OUTCOME

The process resulted in a successful acquisition of HTPG on buyer-friendly pricing terms. HTPG has resulted in a very successful business for Rheem to combine an extensive knowledge of heat transfer technology to develop innovative new products.















*"Seale had in-depth knowledge of the HVAC space as well as extensive relationships with key executives from around the world, which they used to help us identify and close on the perfect deal for our company."*

*The Seale team consists of committed professionals with significant transaction experience, but they also have strong backgrounds in accounting, tax, finance, and law, which allow them to provide value added advice where most other advisors cannot."*

**J.R. Jones, Chief Executive Officer,  
Rheem Manufacturing Company, Inc**






## HVAC Equipment Manufacturing global comparable public companies

Company	Country	Market Cap. US\$MM	Enterprise Value US\$MM	Revenue US\$MM	EBITDA Margin	Annual Average EV/EBITDA		Fourth Quarter Dec. 31, 2022		
						2021	2022	EV/EBITDA	EV/Revenue	
AAON, Inc.		USA	\$4,007	\$4,074	\$770	15.5%	30.1x	30.4x	34.0x	5.3x
Carrier Global Corporation		USA	\$34,496	\$41,225	\$20,449	13.9%	16.6x	12.6x	12.4x	2.0x
Daikin Industries,Ltd.		JPN	\$44,838	\$44,942	\$24,674	14.2%	17.3x	14.0x	11.6x	1.7x
Haier Smart Home Co., Ltd.		CHN	\$32,811	\$30,325	\$34,111	7.3%	18.6x	12.2x	11.4x	0.9x
Johnson Controls International plc		IRL	\$43,949	\$53,279	\$25,299	12.6%	13.2x	10.9x	13.5x	2.1x
Lennox International Inc.		USA	\$8,478	\$10,239	\$4,589	15.3%	17.8x	13.6x	12.9x	2.2x
Midea Group Co., Ltd.		CHN	\$51,495	\$53,466	\$49,233	9.9%	17.5x	12.3x	10.4x	1.1x
NIBE Industrier AB (publ)		SWE	\$18,780	\$19,465	\$3,313	16.0%	40.2x	34.3x	32.6x	5.5x
Resideo Technologies, Inc.		USA	\$2,399	\$3,746	\$6,264	12.2%	8.1x	5.5x	4.5x	0.6x
SPX Technologies, Inc.		CHN	\$2,967	\$3,030	\$1,382	8.7%	15.1x	17.7x	22.6x	2.2x
Systemair AB (publ)		USA	\$1,433	\$1,694	\$981	9.2%	17.6x	14.0x	16.0x	1.6x
Trane Technologies plc		IRL	\$38,712	\$42,480	\$15,487	16.4%	20.8x	15.5x	15.5x	2.7x
■ Excluded from mean and median						<b>Mean</b>	16.3x	12.8x	13.1x	1.7x
						<b>Median</b>	17.4x	13.1x	12.6x	1.8x

## HVAC Equipment Distribution comparable public companies

Company	Country	Market Cap. US\$MM	Enterprise Value US\$MM	Revenue US\$MM	EBITDA Margin	Annual Average EV/EBITDA		Fourth Quarter Dec. 31, 2022		
						2021	2022	EV/EBITDA	EV/Revenue	
Beijer Ref AB (publ)	 SWE	\$5,369	\$5,984	\$1,899	9.3%	39.2x	32.1x	27.3x	3.0x	
Ferguson plc	 GBR	\$26,250	\$30,309	\$29,694	10.9%	14.6x	9.8x	8.2x	1.0x	
Reece Limited	 AUS	\$6,213	\$7,356	\$5,274	9.2%	22.0x	16.7x	13.1x	1.4x	
Watsco, Inc.	 USA	\$8,815	\$9,429	\$7,205	11.5%	17.6x	12.2x	9.8x	1.3x	
W.W. Grainger, Inc.	 USA	\$28,107	\$30,763	\$14,785	15.7%	15.0x	14.2x	12.9x	2.1x	
■ Excluded from mean and median						<b>Mean</b>	16.3x	12.8x	11.0x	11.0x
						<b>Median</b>	17.4x	13.1x	11.3x	1.8x






## HVAC Service Firms comparable public companies

Company	Country	Market Cap. US\$MM	Enterprise Value US\$MM	Revenue US\$MM	EBITDA Margin	Annual Average EV/EBITDA		Fourth Quarter Dec. 31, 2022		
						2021	2022	EV/EBITDA	EV/Revenue	
Comfort Systems USA, Inc.	 SWE	\$4,102	\$4,547	\$3,879	7.8%	11.0x	12.6x	13.1x	1.2x	
EMCOR Group, Inc.	 GBR	\$7,058	\$7,368	\$10,766	6.0%	7.4x	7.1x	8.4x	0.7x	
SPIE SA	 AUS	\$4,241	\$6,263	\$7,881	6.4%	9.0x	8.4x	9.4x	0.8x	
Bravida Holding AB (publ)	 USA	\$2,177	\$2,386	\$2,213	6.9%	14.8x	11.3x	11.8x	1.0x	
Tutor Perini Corporation	 USA	\$389	\$1,076	\$3,921	0.8%	3.2x	5.1x	10.4x	0.3x	
						<b>Mean</b>	7.7x	7.9x	10.6x	0.8x
						<b>Median</b>	8.2x	7.7x	10.4x	0.8x






















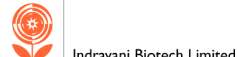
■ Excluded from mean and median



## HVAC Control Modules global comparable public companies

Company	Country	Market Cap. US\$MM	Enterprise Value US\$MM	Revenue US\$MM	EBITDA Margin	Annual Average EV/EBITDA		Fourth Quarter Dec. 31, 2022		
						2021	2022	EV/EBITDA	EV/Revenue	
Emerson Electric Co.	 USA	\$56,810	\$71,824	\$19,629	23.4%	15.1x	13.9x	14.9x	3.7x	
Honeywell International Inc.	 USA	\$144,079	\$154,691	\$34,937	24.3%	19.5x	16.2x	17.5x	4.4x	
Infineon Technologies AG	 DEU	\$39,567	\$42,058	\$13,942	32.1%	19.6x	10.2x	8.4x	2.8x	
Johnson Controls International plc	 IRL	\$43,949	\$53,279	\$25,299	12.6%	13.2x	10.9x	13.5x	2.1x	
Ningbo Deye Technology Group Co., Ltd.	 CHN	\$11,473	\$11,053	\$733	23.5%	55.4x	79.8x	62.2x	14.6x	
■ Excluded from mean and median						<b>Mean</b>	16.9x	12.8x	13.6x	3.2x
						<b>Median</b>	17.3x	12.4x	14.2x	3.2x

# HVAC – Q4 global transactions

Date	Target	Country	Description	Buyer	Seller	Stake %	Size US\$M	EV/ EBITDA	EV/ Revenue
Dec-22		USA	Provides specialized industrial and HVAC solutions			100.0%	\$440.0	-	-
Dec-22		USA	Manufactures and sells flexible surface heating		-	40.0%	-	-	-
Dec-22		USA	Distributes HVAC parts and equipment			100.0%	\$1,275.0	13.4x	2.0x
Dec-22		USA	Manufactures custom heaters, sensors, and control systems		-	100.0%	\$342.0	13.5x	4.5x
Dec-22		PRT	Distributes HVAC systems		Proinveste, SGPS, S.A.; Casaplus - Sistemas De Energia, Lda.	100.0%	-	6.0x	-
Dec-22		USA	Distributes HVAC equipment for commercial and residential markets		-	100.0%	-	-	-
Dec-22		BEL	Offers HVAC installation services		-	100.0%	-	-	-
Dec-22		FRA	Manufactures and distributes commercial refrigeration		-	100.0%	-	-	-
Nov-22		AUS	Distributes HVAC equipment		-	100.0%	\$44.4	-	-
Nov-22		IND	Manufactures thermal and heating systems		-	51.0%	-	-	-

# HVAC – Q4 global transactions

Date	Target	Country	Description	Buyer	Seller	Stake %	Size US\$M	EV/ EBITDA	EV/ Revenue	
Nov-22	Bell Pump Company	USA	Distributes heating, ventilation and air conditioning supplies		-	100.0%	-	-	-	
Nov-22	 Howden	GBR	Manufactures air and gas handling systems		KPS CAPITAL PARTNERS, LP	100.0%	\$4,400.0	12.9x	2.5x	
Nov-22	 DEL-AIR	USA	Sells and installs heating and air conditioning systems		-	100.0%	-	-	-	
Nov-22	Ae&E Duro Dakovic Tep D.O.O.	CRO	Manufacture boilers		JSC EnergoMashinostroitelny Alliance	100.0%	-	-	-	
Oct-22	 ACREL	USA	Provides HVAC services		-	100.0%	\$50.0	-	-	
Oct-22	 EBERLE	GER	Manufactures heating and air-conditioning controls		-	100.0%	\$45.1	-	-	
Oct-22	 EasyAir	GBR	Distributes commercial AC and heat recovery system supplies		-	80.0%	-	-	-	
Oct-22	 PENN PUMP & EQUIPMENT COMPANY INC.	USA	Manufactures HVAC pumping products		-	100.0%	-	-	-	
Oct-22	 SAMIFRANCE	FRA	Manufactures industrial refrigeration racks		-	100.0%	-	-	-	
Oct-22	 BOCK	DEU	Manufactures compressors for refrigeration and air conditioning		Nord Holding Unternehmensbeteiligungsgesellschaft Mit	100.0%	-	-	-	
Oct-22	 MNCK	USA	Provides HVAC solutions for commercial and industrial sector		-	100.0%	-	-	-	
								<b>Mean</b>	11.4x	3.0x
								<b>Median</b>	13.1x	2.5x

# Representative global engagements

 <p>has sold</p>  <p>to</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has been acquired by</p> 	 <p>has sold</p>  <p>Sidral Mundet U.S. Brand and Dist. Rights to</p> 	 <p>has sold a controlling interest to</p> 	 <p>has sold</p>  <p>to</p> <p>Zinc Oxide Corporation</p> <p>a subsidiary of</p> 	 <p>has acquired</p>  <p>from</p> 
 <p>has acquired</p>  <p>Deep River Snacks</p>	 <p>has acquired</p>  <p>Wise Foods</p>	 <p>has formed a partnership to market and develop oil storage and distribution in Mexico with</p> 	 <p>sold its concrete pumping business to</p> 	 <p>has merged with</p>  <p>a business of</p> 	 <p>has sold its</p> <p>Sanitaryware Manufacturing Plant</p> <p>to</p> 	 <p>has sold</p>  <p>to</p> 	 <p>a subsidiary of</p>  <p>has sold</p>  <p>to</p> 	 <p>has acquired</p> 
 <p>has acquired</p>    <p>dealerships from</p> 	 <p>has merged its Beverage Division with</p>  	 <p>has sold</p>  <p>to</p> 	 <p>has been acquired by</p> 	 <p>has partnered with</p>  <p>a subsidiary of</p> 	 <p>has merged its Beverage Division with</p>  	 <p>has sold its</p> <p>GRACE Membranes Business</p> <p>to</p>  <p>a subsidiary of</p> 	 <p>has acquired</p> 	 <p>has sold its</p> <p>Specialty Vermiculite Business</p> <p>to</p> <p>Vermiculite Acquisition Corp.</p> <p>a sister company of</p> 

# Advisor to leading companies worldwide



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## **Creative Solutions. Trusted Advice.**

Founded in 1999, Seale & Associates is a leading global investment bank with extensive experience in mergers and acquisitions and corporate finance advisory services. Seale has an outstanding track record closing hundreds of sell-side and buy-side transactions, more than US\$50 billion in value, across a wide range of industries around the world. Our professionals are trusted advisors maintaining the highest quality and utmost integrity.

**Seale & Associates**

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