

Seale & Associates

Creative Solutions. Trusted Advice.

**HVAC
INDUSTRY**

**Q3
2021**

**VALUATION
UPDATE**

INTRODUCTION

We are pleased to share our HVAC Industry Valuation Update for Q3 2021.

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

Over the course of 20+ years, we have been successfully serving clients all over the world, and we are delighted to provide investment banking advisory services to our HVAC Industry clients that are looking to grow through acquisitions or optimize their portfolio 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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SECTOR RELEVANT EXPERIENCE

AMERICAN STANDARD COMPANIES

has sold

Cal-o-Rex

to

GRUPO INDUSTRIAL SALTILLO

Carrier

a subsidiary of

United Technologies

has sold

HTPG

A Division of Carrier Commercial Refrigeration, Inc.

to

MONOMOY CAPITAL PARTNERS and Starboard Capital Partners

Wood Crafters

has been acquired by

Fortune Brands Home & Security

state WATER HEATERS

has been acquired by

AC Smith

Rheem

has acquired

HTPG

GRUPO INDUSTRIAL SALTILLO

has sold

Sanitaryware business units

ST. THOMAS CREATIONS

and

VITROMEX

to

Villeroy & Boch

TAN U.S. GROUP, INC.

has acquired the

Salttillo Sanitaryware Plant from

Villeroy & Boch

WGL Holdings, Inc.

parent company of

Washington Gas

has sold

ACI

to

MILESTONE CAPITAL

Carrier

a subsidiary of

United Technologies

has sold

INTERNATIONAL COLD STORAGE

to the shareholders of

CrownTork and ThermalRite

TriangleTube

Hot Water Specialists

A wholly owned subsidiary of

ACV

Acquisition Advisory Services

AMERICAN STANDARD COMPANIES

Strategic Consulting Advisory Services

Tan U.S. Group, Inc., and affiliates doing business as:

Wood Crafters

Recapitalization Advisory Services

Rheem

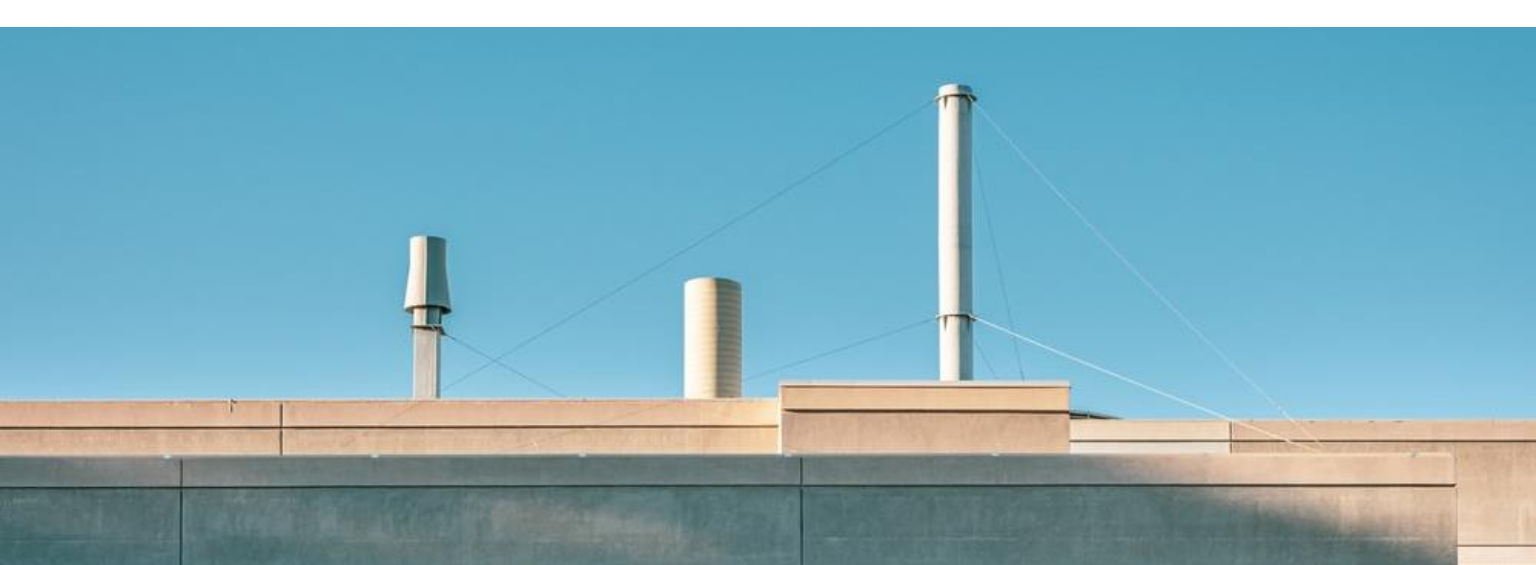
Corporate Finance Advisory Services

TRANE

Corporate Finance Advisory Services

Villeroy & Boch

Corporate Finance Advisory Services





Rheem Manufacturing Company, Inc.

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 in the successful acquisition of Heat Transfer Products Group (HTPG) in a competitive auction process. HTPG is a manufacturer of commercial refrigeration equipment for the foodservice, 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.**





RESIDENTIAL & COMMERCIAL HVAC GLOBAL COMPARABLE PUBLIC COMPANIES

The following table includes those companies that primarily manufacture, market, distribute, and sell heating, ventilation, air conditioning, and/or refrigeration equipment for residential and commercial applications

Company	Country	Market Cap. US\$MM	Enterprise Value US\$MM	Revenue US\$MM	EBITDA Margin	Annual Average EV/EBITDA		Third Quarter Sep. 30, 2021		
						2019	2020	EV/ EBITDA	EV/ Revenue	
						A. O. Smith Corporation		USA	\$9,721	\$9,292
Carrier Global Corporation		USA	\$44,912	\$53,006	\$20,074	13.5%	-	10.4x	16.5x	2.7x
Emerson Electric Co.		USA	\$56,313	\$61,331	\$18,236	22.9%	12.4x	11.6x	14.6x	3.4x
Lennox International Inc.		USA	\$10,933	\$12,315	\$4,143	16.8%	18.0x	17.3x	15.2x	3.0x
Midea Group Co., Ltd.		CHN	\$74,734	\$65,076	\$51,021	8.8%	12.3x	15.4x	14.0x	1.3x
Resideo Technologies, Inc.		USA	\$3,574	\$4,330	\$5,893	11.8%	20.0x	10.1x	5.9x	0.8x
Trane Technologies plc		IRL	\$41,023	\$43,091	\$13,746	16.3%	13.0x	11.6x	19.5x	3.2x
-- Excluded from mean and median						Mean	13.6x	13.0x	15.7x	2.5x
						Median	12.4x	11.6x	14.9x	2.9x






INDUSTRIAL & COMMERCIAL HVAC GLOBAL COMPARABLE PUBLIC COMPANIES

The following table includes those companies that primarily manufacture, market, distribute, and sell heating, ventilation, air conditioning, and/or refrigeration equipment for industrial and commercial applications

Company	Country	Market Cap. US\$MM	Enterprise Value US\$MM	Revenue US\$MM	EBITDA Margin	Annual Average EV/EBITDA		Third Quarter Sep. 30, 2021		
						2019	2020	EV/ EBITDA	EV/ Revenue	
						AAON, Inc.		USA	\$3,424	\$3,313
LU-VE S.p.A.		ITA	\$556	\$696	\$515	9.1%	9.4x	9.0x	13.7x	1.4x
Modine Manufacturing Company		USA	\$586	\$971	\$1,973	6.9%	5.4x	5.3x	5.3x	0.5x
Sinko Industries Ltd.		JPN	\$495	\$380	\$368	18.5%	4.7x	2.7x	5.6x	1.1x
-- Excluded from mean and median						Mean	6.5x	5.7x	8.2x	1.0x
						Median	5.4x	5.3x	5.6x	1.1x

































INDUSTRIAL, RESIDENTIAL & COMMERCIAL HVAC GLOBAL COMPARABLE PUBLIC COMPANIES

The following table includes those companies that primarily manufacture, market, distribute, and sell heating, ventilation, air conditioning, and/or refrigeration equipment for industrial, residential and commercial applications

Company	Country	Market Cap. US\$MM	Enterprise Value US\$MM	Revenue US\$MM	EBITDA Margin	Annual Average EV/EBITDA		Third Quarter Sep. 30, 2021		
						2019	2020	EV/ EBITDA	EV/ Revenue	
						Daikin Industries,Ltd.	 JPN	\$64,175	\$63,820	\$25,309
Johnson Controls International plc	 IRL	\$48,488	\$57,368	\$23,668	15.4%	9.5x	10.9x	11.7x	2.5x	
NIBE Industrier AB (publ)	 SWE	\$25,500	\$26,226	\$3,413	17.2%	19.3x	26.4x	42.9x	7.9x	
Systemair AB (publ)	 SWE	\$1,838	\$2,007	\$1,013	10.8%	10.6x	11.9x	16.6x	2.0x	
SPX Corporation	 USA	\$2,422	\$2,770	\$1,647	11.4%	14.2x	13.8x	13.7x	1.7x	
-- Excluded from mean and median						Mean	11.4x	12.7x	14.7x	2.2x
						Median	10.9x	12.9x	15.1x	2.2x



HVAC – Q3 GLOBAL TRANSACTIONS

Date	Target	Country	Description	Buyer	Seller	Stake %	Size US\$MM	EV/ EBITDA	EV/ Revenue
Sep-21	 EAGLEFILTERS	FIN	Designs and manufactures intake air filtration and intake air-cooling filters for gas turbines	 loudspring	-	100.0%	-	-	-
Sep-21	 RES	USA	Supplies heating and cooling products	 WLS	-	100.0%	-	-	-
Sep-21	 RTN REGLERTEKNIK	SWE	Manufactures demand-controlled ventilation systems and implements process control	 bravida	-	100.0%	-	-	-
Sep-21	 ROBA INDUSTRIAL PIPING	DEU	Manufactures, assembles, and supplies piping systems and components in Germany	 HEITKAMP Industrial Solutions GmbH	-	100.0%	-	-	-
Sep-21	 Industrias Masse	MEX	Manufactures commercial water heaters	Rinnai	-	ND	-	-	-
Sep-21	 SR SWERÖR	SWE	Operates as a plumbing company that designs and installs pipes for heating, sanitation, and cooling systems	VESTUM	-	100.0%	-	-	-
Sep-21	 armcor	AUS	Manufactures indirect air-cooling units, energy recovery systems, and air-conditioning systems	BEIJER REF	-	100.0%	-	-	-
Sep-21	GIWEE 威视 GCHV	CHN	Engages in the production, research and marketing of HVAC and consumer electrical appliances	 Carrier	-	30.0%	-	-	-
Aug-21	 OHS	USA	Provides heating, ventilation, and air conditioning services	 PUEBLO	-	100.0%	-	-	-
Aug-21	 ECR	USA	Manufactures heating and cooling products	 TERRAVEST INDUSTRIES	-	100.0%	-	-	-
Aug-21	 VFE	GBR	Provides maintenance servicing for heat treatment industry equipment	 BUSCH	Maven Capital Partners UK LLP; Longacre Group Limited; MEIF Maven Debt Finance fund	100.0%	-	-	-
Aug-21	 MULLEN PNEUMATICS, INC.	USA	Designs, manufactures, and installs wood and fiber material handling systems	 LDX SOLUTIONS	-	100.0%	-	-	-
Jul-21	 Laird THERMAL SYSTEMS	DEU	Designs and manufactures, thermal management solutions	 Bregal Unternehmerkapital	 Advent International GLOBAL PRIVATE EQUITY	ND	-	-	-
Jul-21	 SIRA INDUSTRIE	ITA	Manufactures radiators for heating to the mechanical and automotive industries	NB AURORA	 FONDO ITALIANO D'INVESTIMENTO	40.3%	\$17.7	-	-
Jul-21	 geo-term	POL	Designs, installs and assembles heat pumps in Poland	 Berg	-	88.6%	-	-	-
Jul-21	 Kapp	FRA	Engages in designing and manufacturing of heat exchangers and boilers for process equipment	HISAKA	-	15.0%	-	-	-
Jul-21	 Total Comfort Heating, Air & Plumbing	USA	Provides residential and commercial heating, cooling, and plumbing services	 ARS	-	100.0%	-	-	-
Jul-21	 EUROCOIL	ITA	Manufactures finned coils, remote condensers, and dry coolers for the refrigeration market	 BAC BALTIMORE AIRCOIL COMPANY	-	100.0%	-	-	-

ND: Not Disclosed

REPRESENTATIVE GLOBAL ENGAGEMENTS

<p>Honeywell</p> <p>has sold</p> <p>TENSOR</p> <p>to</p> <p>GE Power Systems</p>	<p>Rheem</p> <p>has acquired</p> <p>HTPG</p>	<p>gcp applied technologies</p> <p>has acquired</p> <p>StirlingLloyd</p>	<p>Hertz</p> <p>has acquired</p> <p>DONLEN</p>	<p>Standex</p> <p>has sold</p> <p>Enginetics</p> <p>to</p> <p>Enjet AERO</p>	<p>FANOSA</p> <p>has been acquired by</p> <p>LAMOSA</p>
<p>caffenio</p> <p>has partnered with</p> <p>OXXO</p> <p>a subsidiary of</p> <p>FEMSA</p>	<p>ARCACONTINENTAL</p> <p>has acquired</p> <p>WISE</p>	<p>CUPRUM</p> <p>has sold</p> <p>CUPRUM</p> <p>to</p> <p>NMM</p>	<p>ZN ZINC NACIONAL JGI</p> <p>has acquired</p> <p>The Zinc Recycling Business</p> <p>of</p> <p>HMG Recyclex Group</p>	<p>ANDES CHEMICAL CORP</p> <p>has been acquired by</p> <p>IMCD</p>	<p>Grupo Educativo IEJV</p> <p>UNIVERSIDAD JOSE VASCONCELOS</p> <p>ITM</p> <p>has been acquired by</p> <p>NACER GLOBAL</p>
<p>Carrier</p> <p>a subsidiary of</p> <p>United Technologies</p> <p>has sold</p> <p>HTPG</p> <p>A Division of Carrier Commercial Refrigeration, Inc.</p> <p>to</p> <p>MONOMOY and Starboard Capital Partners</p>	<p>HARRISON GYPSUM LLC</p> <p>has been recapitalized by</p> <p>H I G PRIVATE EQUITY</p>	<p>tyco</p> <p>has sold the North American guarding business of</p> <p>GARDA</p>	<p>KENTZ</p> <p>Engineers & Constructors</p> <p>has acquired</p> <p>ALEGRO PROJECTS LIMITED</p>	<p>Wood Crafters</p> <p>has been acquired by</p> <p>Fortune Brands Home & Security</p>	<p>ConvaTec</p> <p>has sold</p> <p>SENSI CARE and ALOE VESTA</p> <p>to</p> <p>MEDLINE</p>
<p>GRUPO SI CELUB LUBRI TECH</p> <p>has been acquired by</p> <p>COLFAX</p>	<p>COSMOCEL</p> <p>has sold</p> <p>Cosmoceel Química</p> <p>to</p> <p>ICL Performance Products IP</p> <p>a business unit of</p> <p>ICL</p>	<p>intelectiva</p> <p>has acquired</p> <p>KFC Costa Rica</p> <p>from</p> <p>QSR</p>	<p>CEMEX</p> <p>has sold its concrete pumping business to</p> <p>PUMPING TEAM</p>	<p>GRUPO TAMPICO</p> <p>has acquired</p> <p>SEAT HONDA</p> <p>dealerships from</p> <p>GRUPO FRBL</p>	<p>INVEKRA</p> <p>Holding company of</p> <p>sanfer</p> <p>has acquired a majority stake in</p> <p>Portugal 1864</p>
<p>GBM</p> <p>has been acquired by</p> <p>Arysta LifeScience</p>	<p>INMAGUSA</p> <p>Grupo Galaz, S.A de C.V.</p> <p>has been acquired by</p> <p>IOCHPE - MAXION</p>	<p>DLG Grupo</p> <p>has acquired</p> <p>Workshop and store in Mexico City from</p> <p>GREENBRIER RAIL SERVICES</p>	<p>Anne Sullivan</p> <p>has been acquired by</p> <p>Discovery Americas</p>	<p>GRUPO TAMPICO</p> <p>has merged its beverage division with</p> <p>Coca-Cola FEMSA</p>	<p>GRUPO INDUSTRIAL SALTILLO</p> <p>has sold</p> <p>its sanitaryware businesses</p> <p>ST. THOMAS CREATIONS</p> <p>and</p> <p>VITROMEX</p> <p>to</p> <p>Villeroy & Boch</p>

Seale & Associates

Creative Solutions. Trusted Advice.

Since 1999, Seale & Associates has been the trusted advisor to respected public and private companies from around the world. Seale is a global investment bank with extensive experience in mergers and acquisitions (M&A), corporate finance advisory, and enterprise level strategy consulting with a track record of success in a diverse range of industries. Our experienced team of professionals are committed to serving clients with excellence and integrity, while offering innovative ideas and solutions to address complex transactions.

ADVISOR TO LEADING COMPANIES WORLDWIDE



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