

Seale & Associates

Creative Solutions. Trusted Advice.

HVAC
INDUSTRY

Q3
2022

VALUATION
UPDATE

INTRODUCTION

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

Team



Sergio García
Managing Director
Mexico City, Mexico
+52 (55) 8000-7463



Carlos Hernández
Managing Director
Cincinnati, OH
+1 (571) 482-3432



Alejandro Montemayor
Vice President
Monterrey, Mexico
+52 (81) 1212-8004



Armando Ríos
Associate
Mexico City, Mexico
+52 (442) 459-1735



Sofía Félix
Business Development Manager
Mexico City, Mexico
+52 (55) 3489-1049



Miguel Leal
Business Development
Mexico City, Mexico
+52 (55) 4381-1348



Washington, D.C. ♦ Mexico City ♦ Miami ♦ Monterrey ♦ Cincinnati

SECTOR RELEVANT EXPERIENCE

AMERICAN STANDARD COMPANIES

has sold

Cal-o-Rex

to

GRUPO INDUSTRIAL SOLTILLO

Carrier

a subsidiary of

United Technologies

has sold

HTPG

A division of Carrier Commercial Refrigeration, Inc.

to

MONOMOY CAPITAL PARTNERS and **Starboard Capital Partners**

state

WATER HEATERS

has been acquired by

ACSmith.

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

CrownTank and **ThermalRite**

Rheem

has acquired

HTPG

TriangleTube

Hot Water Specialists

A wholly owned subsidiary of

ACV

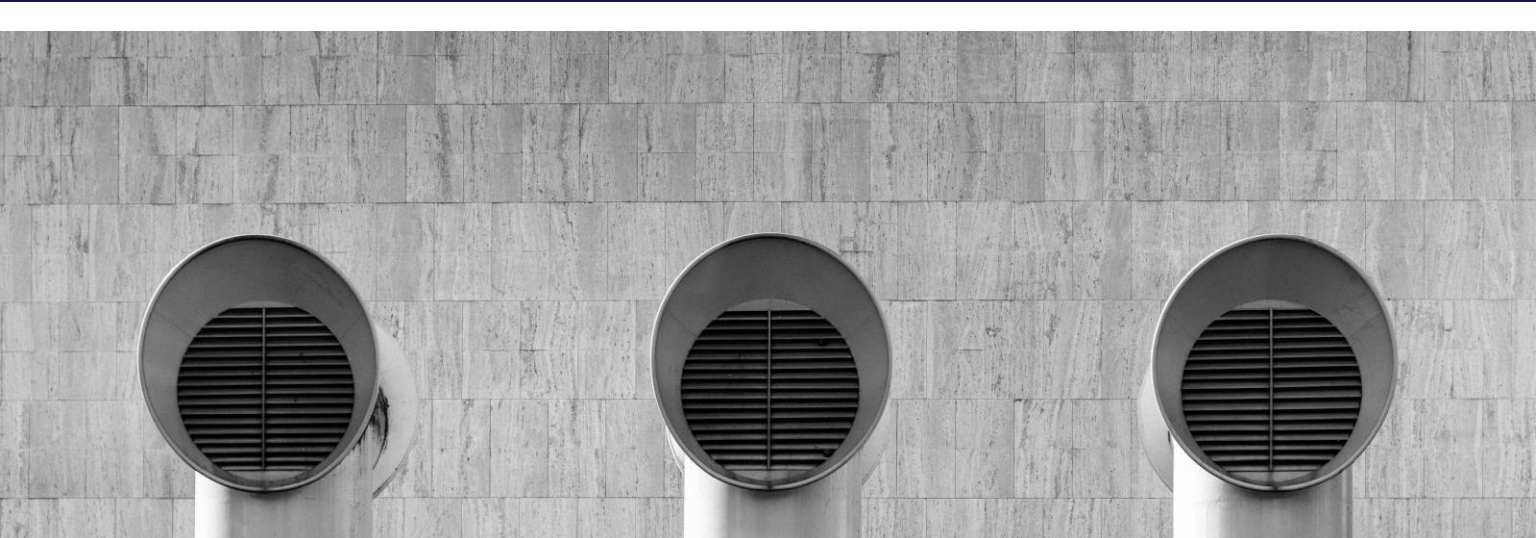
Acquisition Advisory Services

Rheem

Corporate Finance Advisory Services

TRANE

Corporate Finance Advisory Services





Rheem Manufacturing Company, Inc.

Target: Heat Transfer Products Group (HTPG)

Project 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 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.







HVAC RESIDENTIAL GLOBAL COMPARABLE PUBLIC COMPANIES

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

Company	Country	Market Cap. US\$MM	Enterprise Value US\$MM	Revenue US\$MM	EBITDA Margin	Annual Average EV/EBITDA		Third Quarter Sep. 30, 2022		
						2020	2021	EV/ EBITDA	EV/ Revenue	
A. O. Smith Corporation		USA	\$7,503	\$7,375	\$3,854	19.0%	14.5x	17.5x	9.8x	1.9x
Carrier Global Corporation		USA	\$29,927	\$36,263	\$20,339	14.3%	10.4x	16.6x	10.7x	1.8x
Emerson Electric Co.		USA	\$43,295	\$58,870	\$19,216	22.1%	11.6x	15.2x	13.2x	3.1x
Lennox International Inc.		USA	\$7,890	\$9,729	\$4,404	15.4%	17.3x	17.8x	12.6x	2.2x
Midea Group Co., Ltd.		CHN	\$47,545	\$41,169	\$52,257	9.3%	15.4x	17.5x	8.8x	0.8x
Resideo Technologies, Inc.		USA	\$2,777	\$4,130	\$6,142	12.4%	10.1x	8.1x	5.0x	0.7x
Trane Technologies plc		IRL	\$33,555	\$37,317	\$14,835	16.2%	11.6x	20.8x	14.4x	2.5x
-- Excluded from mean and median						Mean	13.0x	17.6x	11.6x	2.1x
						Median	11.6x	17.5x	11.7x	2.1x






HVAC INDUSTRIAL GLOBAL COMPARABLE PUBLIC COMPANIES

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

Company	Country	Market Cap. US\$MM	Enterprise Value US\$MM	Revenue US\$MM	EBITDA Margin	Annual Average EV/EBITDA		Third Quarter Sep. 30, 2022		
						2020	2021	EV/ EBITDA	EV/ Revenue	
AAON, Inc.		USA	\$2,859	\$2,954	\$666	15.2%	27.5x	30.1x	29.1x	4.4x
Alfa Laval AB		SWE	\$10,362	\$11,228	\$4,336	18.9%	10.8x	16.6x	14.1x	2.8x
Beijer Ref AB		SWE	\$4,711	\$5,264	\$1,898	9.3%	24.7x	39.2x	27.2x	3.0x
LU-VE S.p.A.		ITA	\$461	\$609	\$609	10.5%	9.0x	12.2x	9.3x	1.1x
Modine Manufacturing Company		USA	\$673	\$1,063	\$2,097	7.7%	5.3x	6.4x	5.8x	0.5x
Sinko Industries Ltd.		JPN	\$259	\$171	\$309	15.9%	2.7x	5.2x	3.7x	0.6x
-- Excluded from mean and median						Mean	6.9x	10.1x	6.3x	0.7x
						Median	7.2x	9.3x	5.8x	0.6x








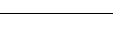
HVAC COMMERCIAL GLOBAL COMPARABLE PUBLIC COMPANIES

The following table includes companies that primarily manufacture, market, distribute, and sell heating, ventilation, and/or air conditioning equipment for 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, 2022		
						2020	2021	EV/ EBITDA	EV/ Revenue	
Daikin Industries, Ltd.	 JPN	\$45,101	\$45,126	\$24,122	14.3%	14.0x	17.3x	13.9x	2.0x	
Johnson Controls International plc	 IRL	\$33,903	\$44,329	\$24,966	15.4%	10.9x	13.2x	9.7x	1.8x	
NIBE Industrier AB	 SWE	\$18,173	\$18,807	\$3,378	16.2%	26.4x	40.2x	35.3x	6.0x	
Systemair AB	 SWE	\$950	\$1,184	\$1,000	11.1%	11.9x	17.6x	10.5x	1.3x	
SPX Technologies, Inc.	 USA	\$2,497	\$2,546	\$1,297	9.5%	13.8x	15.1x	18.6x	2.0x	
- - Excluded from mean and median						Mean	12.7x	15.8x	13.2x	1.8x
						Median	12.9x	16.2x	12.2x	1.9x

HVAC EQUIPMENT DISTRIBUTORS GLOBAL COMPARABLE PUBLIC COMPANIES






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

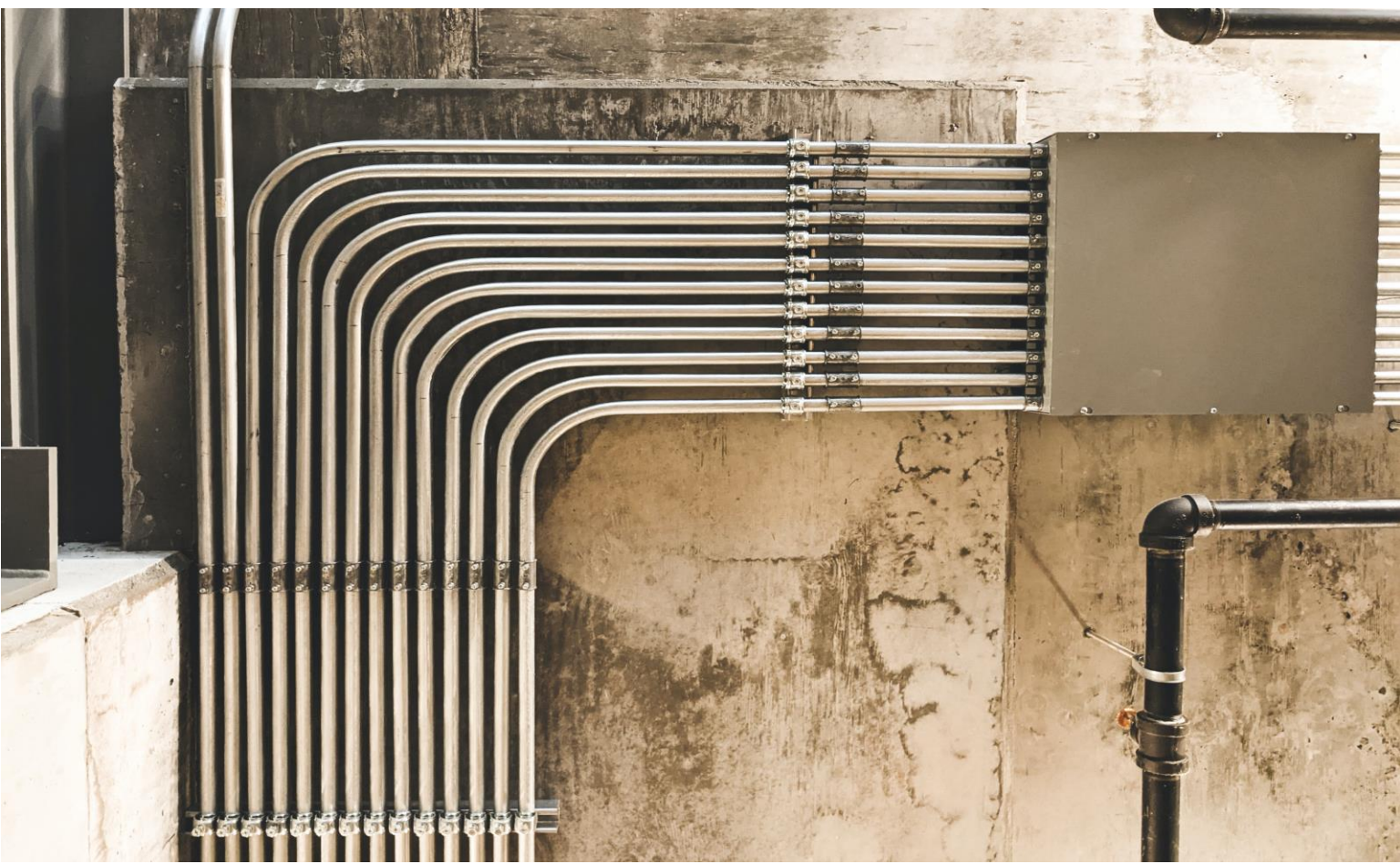
Company	Country	Market Cap. US\$MM	Enterprise Value US\$MM	Revenue US\$MM	EBITDA Margin	Annual Average EV/EBITDA		Third Quarter Sep. 30, 2022		
						2020	2021	EV/ EBITDA	EV/ Revenue	
ACO Group Berhad	 MYS	\$15	\$16	\$28	6.4%	9.6x	11.0x	6.5x	0.6x	
Berling S.A.	 POL	\$16	\$10	\$20	19.1%	0.7x	1.5x	2.9x	0.6x	
Far East Group Limited	 SGP	\$9	\$39	\$68	3.8%	37.0x	134.8x	12.1x	0.6x	
Ferguson plc	 GBR	\$21,831	\$25,821	\$28,566	11.0%	11.5x	14.4x	7.9x	1.0x	
Hudson Technologies, Inc.	 USA	\$331	\$403	\$287	42.0%	18.1x	10.9x	3.3x	1.4x	
Reece Limited	 AUS	\$5,835	\$6,919	\$5,274	9.2%	15.1x	22.0x	13.0x	1.4x	
Watsco, Inc.	 USA	\$9,247	\$10,019	\$6,952	11.5%	15.8x	17.6x	10.8x	1.4x	
W.W. Grainger, Inc.	 USA	\$24,886	\$27,587	\$14,215	15.1%	12.7x	15.0x	12.4x	1.9x	
- - Excluded from mean and median						Mean	13.8x	15.1x	8.8x	1.0x
						Median	13.9x	14.7x	9.4x	1.0x

HVAC CONTROL MODULES









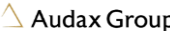



























GLOBAL COMPARABLE PUBLIC COMPANIES

The following table includes companies that primarily manufacture, market, distribute, and sell heating, ventilation, and/or air conditioning equipment for control modules

Company	Country	Market Cap. US\$MM	Enterprise Value US\$MM	Revenue US\$MM	EBITDA Margin	Annual Average EV/EBITDA		Third Quarter Sep. 30, 2022		
						2020	2021	EV/ EBITDA	EV/ Revenue	
						Infinion Technologies AG		DEU	\$28,992	\$31,801
Kawata Mfg. Co., Ltd.		JPN	\$41	\$29	\$133	4.8%	3.7x	5.9x	4.9x	0.2x
Ningbo Deye Technology Group Co., Ltd.		CHN	\$14,113	\$13,818	\$689	18.3%	-	55.4x	115.8x	21.3x
technotrans SE		DEU	\$169	\$195	\$231	7.2%	9.5x	14.5x	11.1x	0.9x
Johnson Controls International plc		IRL	\$33,903	\$44,329	\$24,966	15.4%	10.9x	13.2x	9.7x	1.8x
- - Excluded from mean and median						Mean	9.7x	21.7x	29.8x	5.3x
						Median	10.2x	14.5x	9.7x	1.8x



HVAC – Q3 GLOBAL TRANSACTIONS

Date	Target	Country	Description	Buyer	Seller	Stake %	Size US\$MM	EV/ EBITDA	EV/ Revenue
Sep-22	 DUREX INDUSTRIES	USA	Manufactures custom heaters, sensors, and control systems	Spirax-Sarco Engineering plc	-	100.0%	\$342.2	13.5x	4.6x
Sep-22	 MTLCOOL BY FENIX TECHNOLOGY SOLUTIONS INC.	CAN	Manufactures commercial refrigerators	 DUE NORTH REIMAGINE RETAIL REFRIGERATION	-	100.0%	-	-	-
Sep-22	 AC CORPORATION	USA	Develops HVAC systems for the industrial and commercial markets	 CITE MECHANICAL GROUP	-	100.0%	-	-	-
Sep-22	 SOGN KJØLESERVICE	NOR	Designs cooling and heating systems	therma 	-	100.0%	-	-	-
Sep-22	 AIR ROVER	USA	Manufactures portable temperature controlling equipment	Wester Shelter	-	100.0%	-	-	-
Aug-22	 VECAMCO ITALIAN BRAND	ITA	Manufactures accessories for air conditioning, heating and ventilation	 ASPEN PUMPS GROUP	-	100.0%	-	-	-
Aug-22	 RENSA FILTRATION	USA	Manufactures air filtration products	 Audax Group	 Edgewater CAPITAL PARTNERS	100.0%	\$227.0	-	-
Aug-22	 abc vent Bare essential	SWE	Manufactures and sells energy-efficient ventilation systems	 Swegon	-	100.0%	-	-	-
Aug-22	 SPECIFIC SYSTEMS	USA	Manufactures HVAC systems for industrial applications	 XACS ANX CLIMATE SOLUTIONS	-	100.0%	-	-	-
Aug-22	 Pat's Heating & Air Conditioning	USA	Provides air conditioning and heating installation, and repairs	 HEARTLAND HOME SERVICES	-	100.0%	-	-	-
Aug-22	 GREVSTAD & TVEDT VVS ENTREPRENØR	NOR	Provides plumbing services for heating and cooling systems	 INSTALCO	-	100.0%	-	-	-
Aug-22	 B medical systems	LUX	Manufactures freezers and refrigerators for medical purposes	 AZENTA LIFE SERVICES	 NAVIS	100.0%	\$470.1	-	4.2x
Aug-22	 PUEBLO	USA	Provides HVAC and installation services for school districts and governmental agencies	 OMERS	 HURON CAPITAL	<50%	-	-	-
Aug-22	Mathewson Holdings Ltd	GBR	Provides underfloor heating solutions	 ENERAQUA TECHNOLOGIES	-	100.0%	-	-	-
Aug-22	 eid	FRA	Manufactures refrigerant tubing and air conditioning accessories	 BEIJER REF	-	85.0%	-	-	-
Jul-22	 RoboVent Making a Difference One Breath at a Time.	USA	Manufactures industrial air filters	 Nederman	-	100.0%	\$42.0	-	1.3x
Jul-22	 KHE	KOR	Manufactures heat exchangers for petrochemical, and power plants	 SNT Dynamics	-	52.3%	\$26.7	-	-
Jul-22	 mezzo TECHNOLOGIES	USA	Manufactures heat exchangers	 ARCLINE INVESTMENT MANAGEMENT	-	100.0%	-	-	-
Jul-22	 AERECO	FRA	Develops innovative ventilation solutions for residential buildings and offices	 aldes	-	100.0%	-	-	-
Jul-22	 Vulcanic	FRA	Manufactures and sells electrical heating and cooling solutions	Spirax-Sarco Engineering plc	-	100.0%	\$272.9	-	-
Jul-22	 VULGANUS	FIN	Manufactures spiral systems for cooling systems	 KONIG	-	100.0%	-	-	-


Mean	13.5x	3.4x
Median	13.5x	4.2x

REPRESENTATIVE GLOBAL ENGAGEMENTS


 **FANOSA**


has been acquired by

 **LAMOSA**


 **Rheem**

has acquired

 **HTPG**

 **gcp applied technologies**

has acquired

 **StirlingLloyd**

 **Hertz**

has acquired

 **DONLEN**

 **Standex**

has sold

 **Enginetics**

to

 **Enjet AERO**

Electrolux Professional

has acquired

 unified brands

from

 **DOVER**

 **caffenio**

has partnered with

 **OXO**

a subsidiary of

 **FEMSA**

 **ARCACONTINENTAL**

has acquired

 **WISE**

 **CUPRUM**

has sold

 **CUPRUM**

to

 **NMM**

 **ZV ZINC NACIONAL JGI**

has acquired


The Zinc Recycling Business

of

 **HMG Recyclex Group**

 **ANDES CHEMICAL CORP**

has been acquired by

 **IMCD**

Honeywell

has sold

 **TENSOR**

to

 **GE**

GE Power Systems

 **Carrier**

a subsidiary of

 **United Technologies**

has sold

 **HTPG**

A Division of Carrier Commercial Refrigeration, Inc.

to



 **Port Contractors**

has been acquired by

 **ENSTRUCTURE**

tyco

has sold the North American guarding business of



to

 **GARDA**

 **KENTZ**

Engineers & Constructors

has acquired

 **ALEGRO PROJECTS LIMITED**

 **Wood Crafters**

has been acquired by

 **Fortune Brands Home & Security**

 **ConvaTec**

has sold

SENSI CARE and **ALOE VESTA**

to

 **MEDLINE**

 **SI CELUB LUBRI TECH**

has been acquired by

 **COLFAX**

 **COSMOCEL**

has sold

Cosmoceel Química

to



a business unit of

 **ICL**

intelectiva

has acquired



KFC Costa Rica

from

 **QSR**

 **CEMEX**

has sold its concrete pumping business to


 **PUMPING TEAM**

 **GRUPO TAMPICO**

has acquired



dealerships from

 **GRUPO FFB**

 **INVEKRA**

Holding company of

sanfer

has acquired a majority stake in

 **Portugal 1864**

 **GBM**

has been acquired by

 **Arysta LifeScience**

 **INMAGUSA**

Grupo Galaz, S.A de C.V.

has been acquired by

 **IOCHPE - MAXION**

 **DLG Grupo**

has acquired


Workshop and store in Mexico City from

 **GREENBRIER RAIL SERVICES**


 **Anne Sullivan**

has been acquired by

 **Discovery Americas**

 **GRUPO TAMPICO**

has merged its beverage division with

 **Coca-Cola FEMSA**

 **GRUPO INDUSTRIAL SALTILLO**

has sold

Its sanitaryware businesses

ST. THOMAS CREATIONS

and

 **VITROMEX**

to

 **Villeroy & Boch**

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



CONTACT INFORMATION



Headquarters
901 N. Glebe Road
5th floor
Arlington, Virginia
+1 (703) 294 6770



Latin America Office
Av. Javier Barros Sierra 495
3rd floor
Park Plaza III
Mexico City



Monterrey Office
Av. Lazaro Cardenas 2225
3rd floor
San Pedro Garza Garcia, N.L

Please contact us if you would like further information about M&A trends and/or specific transaction multiples for your industry

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Washington, D.C. | Miami | Mexico City | Monterrey | Cincinnati

Contact Information

James A. Seale
President
jseale@sealeassociates.com

Brett M. Carmel
Senior Managing Director
bcarmel@sealeassociates.com

Felipe Bueno Viesca
Senior Director
fbueno@sealeassociates.com

Sergio Garcia del Bosque
Managing Director
sgarcia@sealeassociates.com

Carlos Hernandez
Managing Director
chernandez@sealeassociates.com

Alejandro Montemayor
Vice President
amontemayor@sealeassociates.com

Armando Rios
Associate
arios@sealeassociates.com

Carlos Bonilla
Analyst
cbonilla@sealeassociates.com

Fernanda Esparza
Analyst
fesparza@sealeassociates.com

Juan José Hicks
Analyst
jhicks@sealeassociates.com

Mikel Lanzagorta
Analyst
mlanzagorta@sealeassociates.com

Sofia Felix
Business Development
sfelix@sealeassociates.com

Miguel Leal
Business Development
mleal@sealeassociates.com

Gabriela Almanza
Office Manager
galmanza@sealeassociates.com

Camila Fajury
Talent Development
cfajury@sealeassociates.com

Faustino Lizarraga
Junior Analyst
flizarraga@sealeassociates.com

Juan Pablo Quintero
Junior Analyst
jqintero@sealeassociates.com

Mauricio Aguilar
Junior Analyst
maguilar@sealeassociates.com

María José Flores
Junior Analyst
mjflores@sealeassociates.com

Patricio Heftye
Junior Analyst
pheftye@sealeassociates.com

Patricio Rodríguez
Junior Analyst
prodriguez@sealeassociates.com

Regina Lopez
Junior Analyst
rlopez@sealeassociates.com

Santiago Sánchez
Junior Analyst
ssanchez@sealeassociates.com

For additional information, please visit
www.sealeassociates.com