

# Seale & Associates

Creative Solutions. Trusted Advice.

**HVAC  
INDUSTRY**

**Q2  
2021**

**VALUATION  
UPDATE**

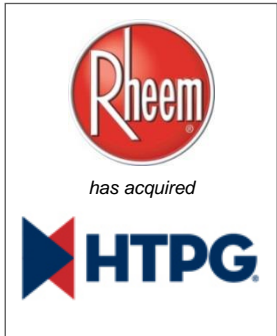
# INTRODUCTION

We are pleased to share our HVAC Industry Valuation Update for Q2 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, and 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 clients that are looking to grow through acquisitions or optimize their portfolio through strategic divestitures.

## Sector Relevant Experience



Read more on the following page.



## Team



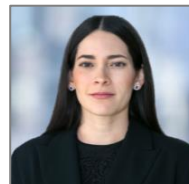
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## Rheem Manufacturing Company, Inc.

**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.**

**Seale & Associates**  
Creative Solutions. Trusted Advice.





## 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		Second Quarter Jun. 30, 2021		
						2019	2020	EV/ EBITDA	EV/ Revenue	
A. O. Smith Corporation		USA	\$11,562	\$11,051	\$3,027	19.1%	12.4x	14.5x	18.5x	3.7x
Carrier Global Corporation		USA	\$42,180	\$50,261	\$19,735	14.5%	-	10.4x	17.4x	2.8x
Emerson Electric Co.		USA	\$57,715	\$63,241	\$17,064	22.1%	12.4x	11.6x	15.8x	3.7x
Lennox International Inc.		USA	\$13,252	\$14,578	\$4,138	17.1%	18.0x	17.3x	19.7x	3.8x
Midea Group Co., Ltd.		CHN	\$76,449	\$71,199	\$47,113	9.9%	12.3x	15.4x	15.0x	1.5x
Resideo Technologies, Inc.		USA	\$4,316	\$5,147	\$5,311	10.0%	20.0x	10.1x	8.6x	1.0x
Trane Technologies plc		IRL	\$44,037	\$46,186	\$12,831	15.7%	13.0x	11.6x	22.9x	3.6x
-- Excluded from mean and median						<b>Mean</b>	<b>13.6x</b>	<b>13.0x</b>	<b>15.8x</b>	<b>2.9x</b>
						<b>Median</b>	<b>12.4x</b>	<b>11.6x</b>	<b>16.6x</b>	<b>3.6x</b>






## 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		Second Quarter Jun. 30, 2021		
						2019	2020	EV/ EBITDA	EV/ Revenue	
AAON, Inc.		USA	\$3,282	\$3,185	\$493	23.3%	28.8x	27.5x	27.7x	6.5x
LU-VE S.p.A.		ITA	\$448	\$578	\$491	10.2%	9.4x	9.0x	10.8x	1.2x
Modine Manufacturing Company		USA	\$856	\$1,213	\$1,808	8.6%	5.4x	5.3x	6.9x	0.7x
Sinko Industries Ltd.		JPN	\$437	\$321	\$354	19.4%	4.7x	2.7x	4.7x	0.9x
-- Excluded from mean and median						<b>Mean</b>	<b>6.5x</b>	<b>5.7x</b>	<b>7.5x</b>	<b>0.9x</b>
						<b>Median</b>	<b>5.4x</b>	<b>5.3x</b>	<b>6.9x</b>	<b>0.9x</b>


# 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		Second Quarter Jun. 30, 2021		
						2019	2020	EV/ EBITDA	EV/ Revenue	
Daikin Industries,Ltd.	 JPN	\$54,561	\$54,975	\$22,544	14.9%	11.1x	14.0x	16.4x	2.4x	
Johnson Controls International plc	 IRL	\$49,188	\$57,419	\$22,232	14.8%	9.5x	10.9x	14.2x	2.6x	
NIBE Industrier AB (publ)	 SWE	\$21,215	\$21,859	\$3,168	16.3%	19.3x	26.4x	38.9x	6.8x	
Systemair AB (publ)	 SWE	\$1,884	\$2,059	\$1,007	12.1%	10.6x	11.9x	17.1x	2.1x	
SPX Corporation	 USA	\$2,764	\$3,049	\$1,591	11.6%	14.2x	13.8x	15.5x	1.9x	
-- Excluded from mean and median						<b>Mean</b>	<b>11.4x</b>	<b>12.7x</b>	<b>15.8x</b>	<b>2.3x</b>
						<b>Median</b>	<b>10.9x</b>	<b>12.9x</b>	<b>15.9x</b>	<b>2.3x</b>




# HVAC – Q2 GLOBAL TRANSACTIONS

Date	Target	Country	Description	Buyer	Seller	Stake %	Size US\$MM	EV/ EBITDA	EV/ Revenue
Jun-21		CHE	Installs and gives maintenance to refrigeration and air conditioning equipment		-	100.0%	-	-	-
Jun-21		TUR	Manufactures hot water boilers and steam generators			50.0%	-	-	-
Jun-21		SWE	Manufactures and sells heating products for floor, roof, ground and frost protection		-	100.0%	-	-	-
Jun-21		CAN	Distributes heating, ventilation, and air conditioning (HVAC) products, among others		-	100.0%	-	-	-
Jun-21		USA	Installs and repair heating and air conditioning equipment		-	100.0%	-	-	-
Jun-21		USA	Manufactures and sells refrigerators, air conditioners, coolers, fans, and heaters		-	100.0%	-	-	-
May-21	All Assets Of Gagnon & Associates Inc.	CAN	Comprises HVAC manufacturing business		Gagnon & Associates Inc. 	100.0%	-	-	-
May-21		FIN	Provides heating solutions to residential and commercial buildings		-	100.0%	-	-	-
May-21	Whirlpool Beyaz Esya Sanayi ve Ticaret AS	TUR	Manufactures coolers and washing machines			100.0%	\$95.6	-	-
May-21		USA	Supplies heating, ventilation, air conditioning, and refrigeration products		-	100.0%	-	-	-
May-21		USA	Designs, builds, and installs, industrial and commercial air conditioning equipment		-	100.0%	-	-	-
May-21		FRA	Designs, manufactures, supplies, and installs industrial process heating equipment			100.0%	-	-	-
May-21		USA	Designs and manufactures compressed air dryer systems		-	100.0%	\$6.9	-	1.9x
May-21		USA	Supplies heating and cooling products		-	100.0%	-	-	-
Apr-21		SRB	Designs and manufactures HVAC equipment and process systems		-	100.0%	-	7.0x	-
Apr-21		SWE	Designs, sells, and installs refrigerator, freezing and heat pump systems		-	100.0%	-	-	-
Apr-21		CHN	Manufactures and supplies commercial central air-conditioning equipment			30.0%	\$46.3	-	-
Apr-21		KOR	Manufactures air purification equipment	CITECH Co., Ltd.	-	100.0%	\$5.3	-	3.6x
Apr-21		CHN	Produces and markets HVAC appliances		-	70.0%	-	-	-

Mean	7.0x	2.8x
Median	7.0x	2.8x


# REPRESENTATIVE GLOBAL ENGAGEMENTS

**Honeywell**  
has sold  
**TENSOR**  
to  
  
**GE Power Systems**

  
has acquired  


  
has acquired  




  
has acquired  


  
has sold  
 **JAMES BURN INTERNATIONAL**  
to  
  
and  
**JBH Holding SAS**

  
has been acquired by  


  
has partnered with  
  
a subsidiary of  






  
has acquired  


  
has acquired  


  
has acquired  
**The Zinc Recycling Business**  
of  


  
has been acquired by  


**Grupo Educativo IEJV**  
  
  
has been acquired by  


  
a subsidiary of  
  
has sold  
  
to  


  
has been recapitalized by  


  
has sold the North American guarding business of  


  
Engineers & Constructors  
has acquired  


  
has been acquired by  


  
has sold  
  
to  


  
has been acquired by  


  
has sold  
**Cosmoceol Química**  
to  
  
a business unit of  


  
has acquired  
  
from  


  
has sold its concrete pumping business to  


  
has acquired  
  
dealerships from  



  
Holding company of  
  
has acquired a majority stake in  



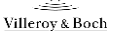

  
has been acquired by  


  
**Grupo Galaz, S.A de C.V.**  
has been acquired by  


  
has acquired  
Workshop and store in Mexico City from  


  
has been acquired by  


  
has merged its beverage division with  


  
has sold  
its sanitaryware businesses  
**ST. THOMAS CREATIONS**  
and  
  
to  


# 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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