

Seale & Associates

Creative Solutions. Trusted Advice.

An outdoor HVAC unit is mounted on a light-colored wall. The unit is white with a large circular fan grille on the front. A vertical pipe runs down the wall next to the unit. The background shows a window with a white frame and a diagonal pane.

**HVAC
INDUSTRY**

**Q2
2020
VALUATION
UPDATE**

INTRODUCTION

We are pleased to share our Comparable Multiples update for the HVAC Industry.

We at Seale & Associates 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 others.

Over the course of 20 years we have been successfully serving the U.S. and Latin American markets, and we are delighted to provide investment banking advisory to our Latin and North American, European and Asian clients that are looking to tap into the enormous potential of the HVAC Industry, whether to grow through acquisitions or inorganically.

HVAC Experience



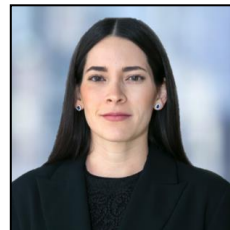
Team



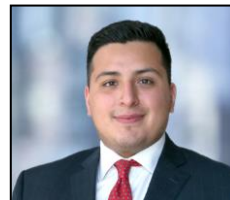
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“Industry valuation multiples have varied significantly due to the recent market dislocation caused by COVID -19 ‘s global pandemic. We present below valuation multiples before the market disruption (February 19, 2020) as well as the latest available as of the publication date of this report”

COMPARABLE PUBLIC COMPANIES – GLOBAL

| Company | Country | Market Cap. US\$MM | Enterprise Value US\$MM | Revenue US\$MM | EBITDA Margin | Annual Average EV/EBITDA | | Pre Crisis Feb. 19, 2020 | | Second Quarter Jun. 30, 2020 | | | |
|--|---|--------------------|-------------------------|----------------|---------------|--------------------------|---|--------------------------|--------------|------------------------------|-------------|-------------|-------------|
| | | | | | | 2018 | 2019 | EV/ EBITDA | EV/ Revenue | EV/ EBITDA | EV/ Revenue | | |
| | | | | | | Aalberts N.V. |  | NLD | \$3,632 | \$4,519 | \$3,030 | 12.5% | 11.6x |
| Alfa Laval AB (publ) |  | SWE | \$9,218 | \$10,143 | \$4,953 | 18.3% | 15.2x | 12.4x | 12.5x | 2.4x | 10.4x | 2.0x | |
| A. O. Smith Corporation |  | USA | \$7,593 | \$7,432 | \$2,780 | 16.5% | 15.8x | 12.4x | 12.4x | 2.3x | 14.4x | 2.6x | |
| Burnham Holdings, Inc. |  | USA | \$54 | \$74 | \$194 | 6.3% | 7.7x | 6.2x | 4.8x | 0.4x | 5.0x | 0.4x | |
| Carrier Global Corporation |  | USA | \$19,246 | \$30,762 | \$17,183 | 14.8% | - | - | - | - | 9.5x | 1.7x | |
| Daikin Industries, Ltd. |  | JPN | \$47,048 | \$48,985 | \$22,733 | 14.8% | 11.4x | 11.1x | 11.8x | 1.8x | 13.4x | 2.1x | |
| Gree Electric Appliances, Inc. of Zhuhai |  | CHN | \$48,173 | \$34,186 | \$24,116 | 11.1% | 7.2x | 7.2x | 8.2x | 1.3x | 10.4x | 1.4x | |
| Johnson Controls International plc |  | IRL | \$25,395 | \$33,556 | \$22,637 | 10.8% | 9.3x | 9.5x | 11.3x | 1.6x | 9.7x | 1.4x | |
| Lennox International Inc. |  | USA | \$8,911 | \$10,496 | \$3,583 | 14.2% | 16.6x | 18.0x | 16.5x | 2.8x | 16.5x | 2.8x | |
| LG Electronics Inc. |  | KOR | \$8,943 | \$16,181 | \$49,459 | 7.6% | 4.6x | 4.5x | 4.7x | 0.3x | 4.6x | 0.3x | |
| NIBE Industrier AB (publ) |  | SWE | \$11,158 | \$11,923 | \$2,802 | 15.3% | 17.2x | 19.3x | NR | 3.8x | NR | 4.3x | |
| Resideo Technologies, Inc. |  | USA | \$1,443 | \$2,773 | \$4,738 | 7.2% | 14.0x | NR | NR | 0.5x | 6.1x | 0.6x | |
| Trane Technologies plc |  | IRL | \$21,285 | \$24,688 | \$15,958 | 14.9% | 12.3x | 13.0x | 14.2x | 2.4x | 9.0x | 1.5x | |
| NR: Not Relevant | | | | | | | Mean | 11.9x | 11.3x | 10.9x | 1.8x | 9.9x | 1.7x |
| | | | | | | | Median | 11.9x | 11.1x | 12.1x | 1.9x | 9.6x | 1.5x |



HVAC – HIGHLIGHTED Q2 GLOBAL TRANSACTIONS

- On May 23rd, **Hubei Donper Electromechanical Group Co., Ltd.**, a Chinese company that produces and sells refrigeration compressors, equipment and parts, announced the acquisition of a 50.0% stake of **Huangshi Dongbei Electrical Appliance Co., Ltd.**, a Chinese company that also produces and sells refrigeration compressors, for **US\$433.2 million**
- On May 7th, **NIBE Industrier AB**, a Swedish company that develops, manufactures, and sells indoor climate comfort products, announced the acquisition of a 60.0% stake of **MW Power AB**, a Swedish company that manufactures and supplies steam and hot water boilers. The transaction value was not disclosed
- On April 2nd, **Camfil Svenska AB**, a Swedish company that manufactures air filters for ventilation systems, announced the acquisition of **Resema AB**, a Swedish company that develops and manufactures air filters for industrial and HVAC systems. The transaction value was not disclosed





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-consumable markets.

Seale & Associates' Approach

Seale 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.**

REPRESENTATIVE MEXICO ENGAGEMENTS



acquired




sold



to





Subsidiary of



sold



to the stakeholders of

GRUPO INDUSTRIAL SOLTILLO

sold


commercial units of

ST. THOMAS CREATIONS

and



TO




was acquired by




GRUPO INDUSTRIAL SOLTILLO


has formed a partnership in the casting tools business between



and




was acquired by

Acquisition Advisory Services



Villeroy & Boch

1748

Corporate Finance Advisory Services



TRANE

Corporate Finance Advisory Services



LOUISVILLE LADDER

Corporate Finance Advisory Services



Stabilit


ESPECIALISTA EN LAMINADOS PLÁSTICOS REFORZADOS

Corporate Finance Advisory Services



CEMEX

has formed a partnership to market and develop oil storage and distribution in Mexico with

Corporate Finance Advisory Services



CEMEX

sold their pumping assets in Mexico

to




ARCA CONTINENTAL

acquired




FEMSA

sold



to




NAMCE

North American Ceramics

has been acquired by




GRUPO SICE LUBRI TECH

has been acquired by




COSMOCEEL

has sold

Cosmoceel Química

to




a business unit of





FORTACERO

Corporate Finance Advisory Services



ARCA CONTINENTAL

acquired




GRUPO TAMPICO

has acquired



dealers of




INVEKRA

Holding company of



sanfer

acquired a majority stake in




GBM

has been acquired by




INMAGUSA

Grupo Galaz, S.A de C.V.

has been acquired by




DLG

Grupo

has acquired

workshop and store in Mexico City from




Discovery Americas

has partnered with




AEn

Acquisition Advisory Services



FOQUE

GRUPO FOMENTO QUERETANO

merged its beverage division with




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

FEMSA

GIS

CEMEX

ARCACONTINENTAL

Honeywell

LOCKHEED MARTIN

FOQUE
GRUPO FOMENTO QUERETANO

GRACE

United Technologies
Climate | Controls | Security

GE

AMERICAN STANDARD COMPANIES

Celanese

Standex

Shell

Hertz

Rheem

ITT

CHEN

tyco

GRUPO TAMPICO

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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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