

# Seale & Associates

Creative Solutions. Trusted Advice.



HVAC  
INDUSTRY

Q1  
**2022**

VALUATION  
UPDATE

# INTRODUCTION

We are pleased to share our HVAC Industry Valuation Update for Q1 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 20+ 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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# SECTOR RELEVANT EXPERIENCE

**AMERICAN STANDARD COMPANIES**

has sold

**Cal-o-Rex**

**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**

ACI HOLDINGS LLC (NASDAQ: ACI)

**MILESTONE CAPITAL**

**Carrier**

a subsidiary of

**United Technologies**

has sold

**INTERNATIONAL COLD STORAGE**

to the shareholders of

**CrownTank** and **ThermalRite**

**Rheem**

has acquired

**HTPG**

**Rheem**

**Corporate Finance Advisory Services**

**TriangleTube**

Hot Water Specialists

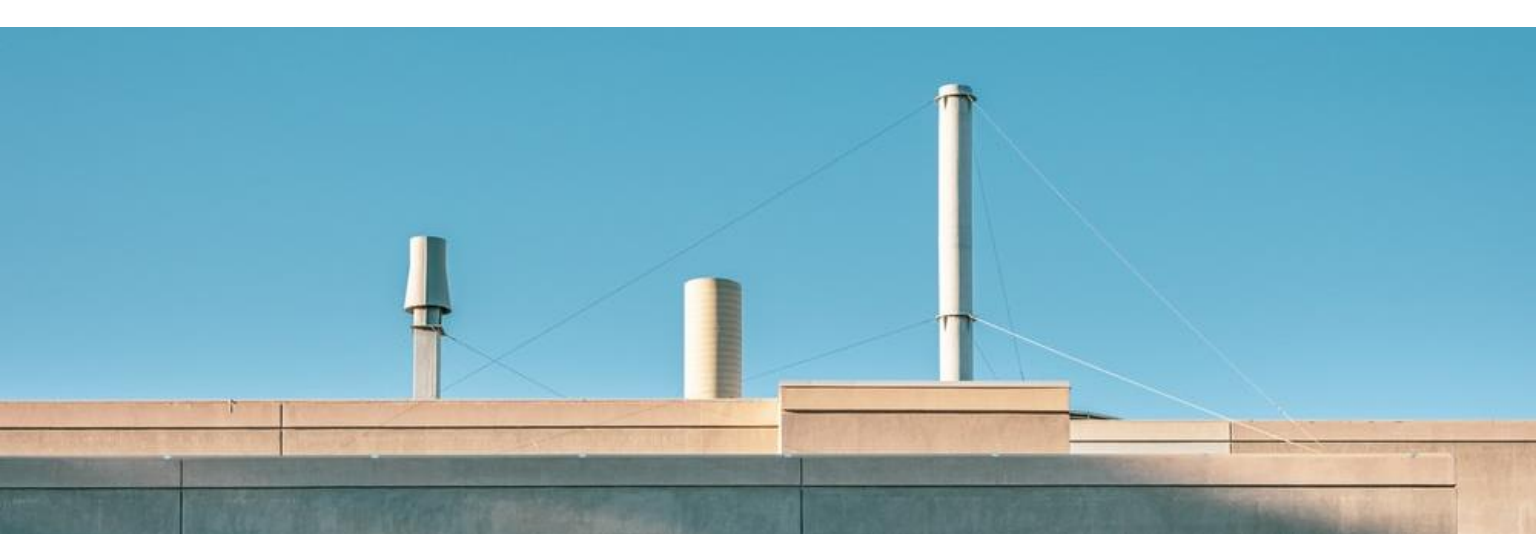
A wholly owned subsidiary of

**ACV**

**Acquisition Advisory Services**

**TRANE**

**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 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.**







## RESIDENTIAL HVAC GLOBAL COMPARABLE PUBLIC COMPANIES

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

Company	Country	Market Cap. US\$MM	Enterprise Value US\$MM	Revenue US\$MM	EBITDA Margin	Annual Average EV/EBITDA		First Quarter Mar. 31, 2022		
						2020	2021	EV/ EBITDA	EV/ Revenue	
A. O. Smith Corporation		USA	\$10,032	\$9,631	\$3,539	19.4%	14.5x	17.5x	13.6x	2.7x
Carrier Global Corporation		USA	\$39,127	\$46,820	\$20,613	14.1%	10.4x	16.6x	14.0x	2.3x
Emerson Electric Co.		USA	\$58,242	\$62,861	\$18,548	21.4%	11.6x	15.2x	15.0x	3.4x
Lennox International Inc.		USA	\$9,447	\$10,848	\$4,194	15.7%	17.3x	17.8x	14.3x	2.6x
Midea Group Co., Ltd.		CHN	\$61,842	\$62,308	\$51,021	8.8%	15.4x	17.5x	13.7x	1.2x
Resideo Technologies, Inc.		USA	\$3,456	\$4,059	\$5,846	11.2%	10.1x	8.1x	5.6x	0.7x
Trane Technologies plc		IRL	\$35,661	\$38,805	\$14,136	16.3%	11.6x	20.8x	15.6x	2.7x
- - Excluded from mean and median						Mean	13.0x	17.6x	14.3x	2.5x
						Median	11.6x	17.5x	14.1x	2.7x






## INDUSTRIAL HVAC GLOBAL COMPARABLE PUBLIC COMPANIES

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

Company	Country	Market Cap. US\$MM	Enterprise Value US\$MM	Revenue US\$MM	EBITDA Margin	Annual Average EV/EBITDA		First Quarter Mar. 31, 2022		
						2020	2021	EV/ EBITDA	EV/ Revenue	
AAON, Inc.		USA	\$2,927	\$2,982	\$602	17.4%	27.5x	30.1x	29.7x	5.6x
Alfa Laval AB		SWE	\$14,412	\$15,206	\$4,557	18.4%	10.8x	16.6x	17.2x	3.5x
Beijer Ref AB		SWE	\$6,983	\$7,469	\$1,936	8.8%	24.7x	39.1x	39.0x	4.1x
LU-VE S.p.A.		ITA	\$481	\$723	\$560	10.2%	9.0x	12.2x	10.7x	1.3x
Modine Manufacturing Company		USA	\$468	\$859	\$1,991	7.2%	5.3x	6.4x	5.3x	0.4x
Sinko Industries Ltd.		JPN	\$364	\$258	\$346	16.3%	2.7x	5.2x	4.4x	0.7x
- - Excluded from mean and median						Mean	6.9x	10.1x	6.8x	0.8x
						Median	7.2x	9.3x	5.3x	0.7x









## COMMERCIAL HVAC GLOBAL COMPARABLE PUBLIC COMPANIES

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














Company	Country	Market Cap. US\$MM	Enterprise Value US\$MM	Revenue US\$MM	EBITDA Margin	Annual Average EV/EBITDA		First Quarter Mar. 31, 2022		
						2020	2021	EV/ EBITDA	EV/ Revenue	
Daikin Industries, Ltd.	 JPN	\$54,013	\$53,432	\$25,653	15.2%	14.0x	17.3x	14.4x	2.2x	
Johnson Controls International plc	 IRL	\$46,055	\$55,474	\$24,189	17.5%	10.9x	13.2x	11.1x	2.3x	
NIBE Industrier AB (publ)	 SWE	\$22,678	\$23,275	\$3,410	16.7%	26.4x	40.2x	37.9x	7.0x	
Systemair AB (publ)	 SWE	\$1,554	\$1,748	\$982	10.5%	11.9x	17.6x	15.1x	1.8x	
SPX Corporation	 USA	\$2,262	\$2,159	\$1,220	10.3%	13.8x	15.1x	15.6x	1.8x	
- - Excluded from mean and median						<b>Mean</b>	<b>12.7x</b>	<b>15.8x</b>	<b>14.1x</b>	<b>2.0x</b>
						<b>Median</b>	<b>12.9x</b>	<b>16.2x</b>	<b>14.8x</b>	<b>2.0x</b>

## HVAC EQUIPMENT DISTRIBUTORS GLOBAL COMPARABLE PUBLIC COMPANIES

The following table includes companies that primarily distribute 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		First Quarter Mar. 31, 2022		
						2020	2021	EV/ EBITDA	EV/ Revenue	
ACO Group Berhad	 MYS	\$21	\$22	\$30	7.2%	9.6x	11.0x	7.4x	0.7x	
Berling S.A.	 POL	\$19	\$10	\$22	21.7%	0.7x	1.5x	2.4x	0.5x	
Far East Group Limited	 SGP	\$10	\$39	\$62	3.1%	37.0x	134.8x	10.7x	0.6x	
Ferguson plc	 GBR	\$29,591	\$32,891	\$25,794	10.9%	11.5x	14.4x	11.4x	1.3x	
Hudson Technologies, Inc.	 USA	\$278	\$375	\$243	35.0%	18.1x	10.9x	7.3x	1.9x	
Reece Limited	 AUS	\$9,237	\$10,501	\$4,942	8.8%	15.1x	22.0x	19.7x	2.1x	
Watsco, Inc.	 USA	\$10,823	\$11,407	\$6,668	10.9%	15.8x	17.6x	15.0x	1.8x	
W.W. Grainger, Inc.	 USA	\$26,358	\$29,165	\$13,585	14.3%	12.7x	15.0x	16.0x	2.2x	
- - Excluded from mean and median						<b>Mean</b>	<b>13.8x</b>	<b>13.8x</b>	<b>11.3x</b>	<b>1.2x</b>
						<b>Median</b>	<b>13.9x</b>	<b>14.4x</b>	<b>11.0x</b>	<b>1.0x</b>

# HVAC – Q1 GLOBAL TRANSACTIONS

Date	Target	Country	Description	Buyer	Seller	Stake %	Size US\$MM	EV/ EBITDA	EV/ Revenue
Mar-22	 CCOM GROUP, INC.	USA	Distributes HVAC systems	 DAIKIN	-	100.0%	\$34.8	5.2x	0.3x
Mar-22	 smart care Commercial Services	USA	Provides refrigeration & HVAC services to grocery stores	 ZONE CLIMATE SERVICES INC.	 Audax Group	100.0%	-	-	-
Feb-22	 Benot's Wholesale Heating & Air Conditioning	USA	Operates as a wholesale distributor of HVAC products	 CRYPHON INVESTORS	-	100.0%	-	-	-
Feb-22	 RAFKO	POL	Designs and manufactures boilers	 MS GALLEON	 PBG	33.3%	\$7.1	-	-
Feb-22	 TP Mechanical CONTRACTORS   SERVICE   FABRICATION	USA	Provides HVAC services	 TEMP-CON INCORPORATED	-	100.0%	-	-	-
Feb-22	 RD&S	USA	Designs and manufactures industrial refrigeration systems	 Kelvin group	-	100.0%	-	-	-
Jan-22	 PAMLICOAIR	USA	Provides ventilation services	 MANN + HUMMEL	-	50.0%	-	-	-
Jan-22	 atmos	DEU	Designs and manufactures smoke and heat extraction systems	 UFENAU CAPITAL PARTNERS	-	ND	-	-	-
Jan-22	 TRANSOM	CAN	Designs and manufactures heat pumps, chillers, and air units	 MESTEK, INC.	-	100.0%	-	-	-
Jan-22	 DE JONG HOT WATER TANKS	NLD	Manufactures and supplies stainless-steel hot water tanks	 Rheem	 NORDIAN CAPITAL PARTNERS	100.0%	-	-	-
ND: Not Disclosed							Mean	5.2x	0.3x
							Median	5.2x	0.3x




# 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

 **GARDA**

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

 **ICL Performance Products IP**

a business unit of

 **ICL**

**intelectiva**

has acquired

 **KFC**

**KFC Costa Rica**

from

 **QSR**

 **CEMEX**

has sold its concrete pumping business to

 **PUMPING TEAM**

 **GRUPO TAMPICO**

has acquired

 **SEAT HONDA**

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.

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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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