

Seale & Associates

Creative Solutions. Trusted Advice.

HVAC
INDUSTRY

Q2
2022

VALUATION
UPDATE

INTRODUCTION

We are pleased to share our HVAC Industry Valuation Update for Q2 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.

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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

ACQUISITION ADVISORY SERVICES

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, 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		Second Quarter Jun. 30, 2022		
						2020	2021	EV/ EBITDA	EV/ Revenue	
						A. O. Smith Corporation		USA	\$8,530	\$8,282
Carrier Global Corporation		USA	\$30,248	\$36,025	\$20,568	14.1%	10.4x	16.6x	10.7x	1.8x
Emerson Electric Co.		USA	\$47,239	\$51,847	\$18,908	21.8%	11.6x	15.2x	11.9x	2.7x
Lennox International Inc.		USA	\$7,418	\$9,206	\$4,277	15.5%	17.3x	17.8x	12.1x	2.2x
Midea Group Co., Ltd.		CHN	\$61,921	\$61,863	\$55,066	8.8%	15.4x	17.5x	13.1x	1.2x
Resideo Technologies, Inc.		USA	\$2,824	\$4,180	\$5,933	11.7%	10.1x	8.1x	5.5x	0.7x
Trane Technologies plc		IRL	\$30,371	\$33,884	\$14,474	16.1%	11.6x	20.8x	13.4x	2.3x
-- Excluded from mean and median						Mean	13.0x	17.6x	12.1x	2.1x
						Median	11.6x	17.5x	12.0x	2.2x






HVAC INDUSTRIAL 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		Second Quarter Jun. 30, 2022		
						2020	2021	EV/ EBITDA	EV/ Revenue	
						AAON, Inc.		USA	\$2,906	\$2,983
Alfa Laval AB		SWE	\$9,947	\$10,943	\$4,557	18.4%	10.8x	16.6x	13.5x	2.6x
Beijer Ref AB		SWE	\$5,194	\$5,718	\$1,898	9.3%	24.7x	39.2x	30.4x	3.2x
LU-VE S.p.A.		ITA	\$464	\$596	\$560	10.2%	9.0x	12.2x	10.3x	1.2x
Modine Manufacturing Company		USA	\$547	\$941	\$2,050	7.2%	5.3x	6.4x	5.6x	0.5x
Sinko Industries Ltd.		JPN	\$305	\$208	\$346	16.3%	2.7x	5.2x	4.2x	0.7x
-- Excluded from mean and median						Mean	6.9x	10.1x	6.7x	0.8x
						Median	7.2x	9.3x	5.6x	0.7x









HVAC COMMERCIAL 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		Second Quarter Jun. 30, 2022		
						2020	2021	EV/ EBITDA	EV/ Revenue	
						Daikin Industries,Ltd.		JPN	\$46,846	\$47,163
Johnson Controls International plc		IRL	\$33,309	\$43,390	\$24,693	16.6%	10.9x	13.2x	8.9x	1.8x
NIBE Industrier AB (publ)		SWE	\$15,110	\$15,726	\$3,507	16.0%	26.4x	40.2x	29.0x	4.9x
Systemair AB (publ)		SWE	\$1,011	\$1,214	\$982	11.5%	11.9x	17.6x	11.2x	1.3x
SPX Corporation		USA	\$2,419	\$2,399	\$1,239	9.3%	13.8x	15.1x	18.7x	1.9x
-- Excluded from mean and median						Mean	12.7x	15.8x	13.1x	1.8x
						Median	12.9x	16.2x	12.5x	1.8x






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		Second Quarter Jun. 30, 2022		
						2020	2021	EV/ EBITDA	EV/ Revenue	
						ACO Group Berhad		MYS	\$15	\$16
Berling S.A.		POL	\$17	\$11	\$22	22.7%	0.7x	1.5x	2.4x	0.5x
Far East Group Limited		SGP	\$9	\$38	\$62	3.1%	37.0x	134.8x	14.3x	0.6x
Ferguson plc		GBR	\$23,612	\$27,031	\$27,162	11.1%	11.5x	14.4x	9.1x	1.0x
Hudson Technologies, Inc.		USA	\$337	\$435	\$243	35.0%	18.1x	10.9x	4.9x	1.8x
Reece Limited		AUS	\$6,133	\$7,294	\$4,942	8.8%	15.1x	22.0x	14.9x	1.6x
Watsco, Inc.		USA	\$8,508	\$9,318	\$6,668	10.9%	15.8x	17.6x	10.9x	1.4x
W.W. Grainger, Inc.		USA	\$23,222	\$25,873	\$13,585	14.3%	12.7x	15.0x	12.9x	1.9x
-- Excluded from mean and median						Mean	13.8x	13.8x	8.8x	0.8x
						Median	13.9x	14.4x	10.0x	0.8x






























HVAC CONTROL MODULES GLOBAL COMPARABLE PUBLIC COMPANIES

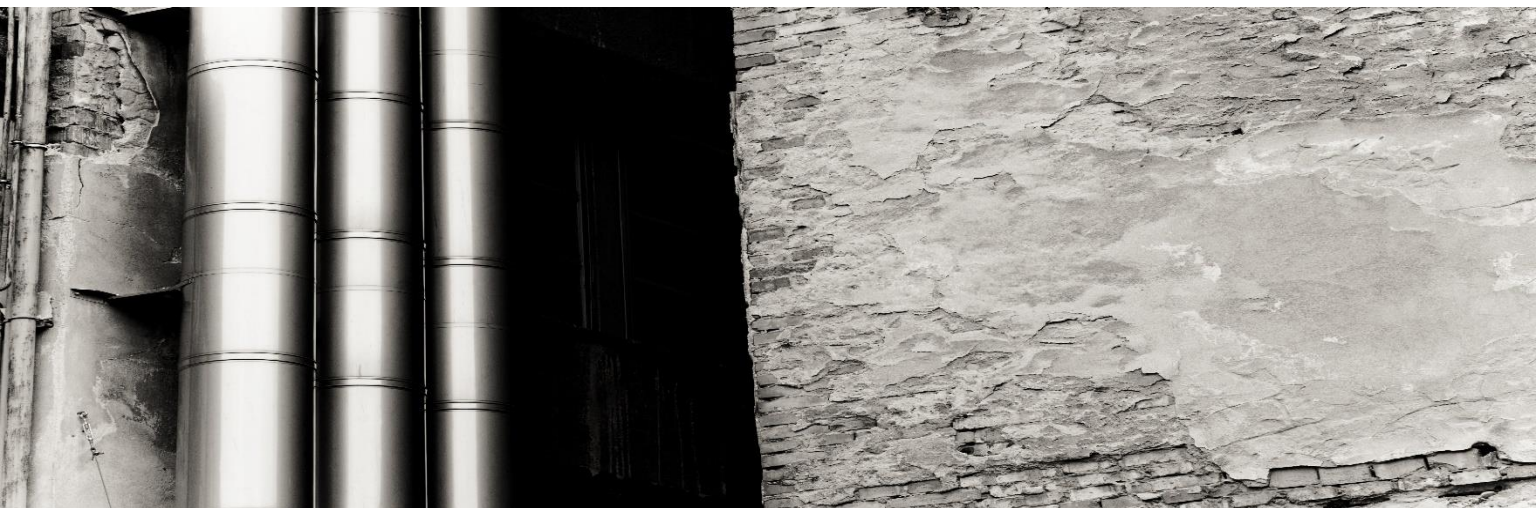
The following table includes companies that primarily manufacture, market, distribute, and sell heating, ventilation, air conditioning, and/or refrigeration equipment for control modules

Company	Country	Market Cap. US\$MM	Enterprise Value US\$MM	Revenue US\$MM	EBITDA Margin	Annual Average EV/EBITDA		Second Quarter Jun. 30, 2022		
						2020	2021	EV/ EBITDA	EV/ Revenue	
Infineon Technologies AG	 DEU	\$31,425	\$34,586	\$13,537	31.2%	14.7x	19.6x	8.5x	2.7x	
Kawata Mfg. Co., Ltd.	 JPN	\$51	\$39	\$151	5.9%	3.7x	5.9x	4.9x	0.3x	
Ningbo Deye Technology Group Co., Ltd.	 CHN	\$9,982	\$9,698	\$654	16.4%	-	55.4x	94.9x	15.7x	
technotrans SE	 DEU	\$191	\$207	\$240	7.2%	9.5x	14.5x	11.6x	0.9x	
Johnson Controls International plc	 IRL	\$33,309	\$43,390	\$24,693	16.6%	10.9x	13.2x	8.9x	1.8x	
- - Excluded from mean and median						Mean	9.7x	21.7x	25.8x	4.3x
						Median	10.2x	14.5x	8.9x	1.8x



HVAC - Q2 GLOBAL TRANSACTIONS

Date	Target	Country	Description	Buyer	Seller	Stake %	Size US\$MM	EV/ EBITDA	EV/ Revenue
Jun-22	 Dallas Plumbing Company Air Conditioning & Plumbing Specialists Since 1989	USA	Commercial and residential air conditioning		-	100.0%	-	-	-
Jun-22		FRA	Design, development and manufacture of water coolers		-	100.0%	-	-	-
Jun-22		USA	Industrial control systems		IDG Ventures; Ignition Partners; Rally Capital, LLC; Ridge Ventures	100.0%	-	-	-
Jun-22		USA	Manufacture and distribute products for the HVAC industry	-		100.0%	-	-	-
Jun-22		NZL	Heating, ventilation, and air conditioning solutions		-	100.0%	-	-	-
Jun-22		CAN	Services and supports of industrial and commercial coil tube boilers			100.0%	-	-	-
Jun-22	FLATWORK TECHNOLOGIES	USA	Temperature control systems		-	100.0%	-	-	-
May-22		FRA	Industrial piping and boilermaking elements		-	100.0%	-	-	-
May-22		GBR	Provider of energy reduction and zero carbon generations		-	100.0%	-	-	-
May-22		DEU	Heating, ventilation, and air conditioning equipment		-	100.0%	-	-	-
May-22		NZL	Installation and sale of air conditioning and ventilation systems		-	100.0%	-	-	-
May-22		URY	Refrigeration and freezing solutions		-	100.0%	-	-	-
Apr-22		GBR	Suppression and detection systems in water mist technology		-	100.0%	-	-	-
Apr-22		SWE	Provides heat transfer, separation, and fluid handling	-	IK Partners	100.0%	-	-	-
Apr-22		USA	Heating and air conditioning home services		-	100.0%	-	-	-



REPRESENTATIVE GLOBAL ENGAGEMENTS

 <p>has been acquired by</p> 	 <p>has acquired</p> 	 <p>has acquired</p> 	 <p>has acquired</p> 	 <p>has sold</p>  <p>to</p> 	<p>Electrolux Professional</p> <p>has acquired</p>  <p>from</p> 
 <p>has partnered with</p>  <p>a subsidiary of</p> 	 <p>has acquired</p> 	 <p>has sold</p>  <p>to</p> 	 <p>has acquired</p> <p>The Zinc Recycling Business</p> <p>of</p> 	 <p>has been acquired by</p> 	<p>Honeywell</p> <p>has sold</p>  <p>to</p>  <p>GE Power Systems</p>
 <p>a subsidiary of</p>  <p>has sold</p>  <p>to</p> 	 <p>has been acquired by</p> 	<p>tyco</p> <p>has sold the North American guarding business of</p>  <p>to</p> 	 <p>Engineers & Constructors</p> <p>has acquired</p> 	 <p>has been acquired by</p> 	 <p>has sold</p> <p>SENSI CARE and ALOE VESTA</p> <p>to</p> 
 <p>has been acquired by</p> 	 <p>has sold</p> <p>Cosmoceel Química</p> <p>to</p>  <p>a business unit of</p> 	<p>intelectiva</p> <p>has acquired</p>  <p>KFC Costa Rica</p> <p>from</p> 	 <p>has sold its concrete pumping business to</p> 	 <p>has acquired</p>  <p>dealerships from</p> 	 <p>Holding company of</p> <p>sanfer®</p> <p>has acquired a majority stake in</p> 
 <p>has been acquired by</p> 	 <p>Grupo Galaz, S.A de C.V.</p> <p>has been acquired by</p> 	 <p>has acquired</p> <p>Workshop and store in Mexico City from</p> 	 <p>has been acquired by</p> 	 <p>has merged its beverage division with</p> 	 <p>has sold</p> <p>Its sanitaryware businesses</p> <p>ST. THOMAS CREATIONS</p> <p>and</p>  <p>to</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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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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